Excellence in Governance

A Handbook for Health Board Trustees

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Government of Newfoundland and Labrador
Department of Health and Community Services

Foreword

Governance through public sector boards is one of the most important responsibilities in Canadian society. Public sector boards provide the opportunity to work with government to achieve its goals and influence strategic directions.

Public entities play a major role in Newfoundland and Labrador - these bodies support the provincial government as it responds to many complex issues. These issues include changing demographics, the introduction of new technologies, increasing demands for programs and services, standard setting, policy formulation and decision making. Whether the mandate of a public body is to deliver services, provide advice, develop policy and/or render decisions, it is providing a valuable service to the people of Newfoundland and Labrador.

This handbook is designed to assist members of public bodies understand some of the key aspects of their roles and responsibilities and the vital contribution boards make in all sectors of Newfoundland and Labrador society. For those who are contemplating participation with a public sector board, I believe this handbook will support you as you make your decision. For those who are currently members, this handbook will clarify role expectations.

Julie Bettney, MHA
Minister of Health and Community Services

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1 Introduction

Success in the social sector depends on a clear vision for the province of Newfoundland and Labrador as set out in the Strategic Social Plan for Newfoundland and Labrador, *People, Partners and Prosperity (1998).* The vision and goals are as follows:

Vision

Our vision, for Newfoundland and Labrador is of a healthy, educated, distinctive, self-reliant and prosperous people living in vibrant, supportive communities within sustainable regions.

Goals

Vibrant communities and regions in which people actively participate in their collective well- being.

Sustainable regions based on strategic investment in individuals, families and communities.

Self-reliant, healthy, educated individuals and families living in safe, nurturing communities.

Integrated and evidence-based policy development and monitoring as the foundation for the design, delivery and evaluation of social development programs and services.

Secondly, in recognition of the inherent link between the social and economic sectors, trustees should also consider the province's economic plan, *Securing Our Future Together: The Renewal Strategy for Jobs and Growth* (2001). This report provides a comprehensive account of the direction the Government of Newfoundland and Labrador (Government) is pursuing to advance its overall economic agenda. It responds directly to the economic issues and challenges facing our province and presents an action-oriented plan to maintain and build on our economic progress. There are five major themes which provide the basis for priorities for action.

- Capturing Strategic Growth Opportunities
- Creating the Right Environment for Economic Development
- Investing in Education and Youth
- Adopting New Strategic Partnerships
- Building Stronger Communities and Stronger Regions

The vision expressed by the stakeholders and on which this strategic economic direction builds is of a vibrant and confident Newfoundland and Labrador where a 'can-do' attitude and a 'take-charge' approach to meeting challenges and opportunities before us will help secure our future together, "March 2001, *News Release*".

Thirdly, health board trustees should consider the financial context as outlined in the provincial budget. Each budget clearly sets out the strategic areas for investment while balancing sound financial management and the provision of appropriate affordable public services. Health Boards need to consider how each budget impacts on the fulfillment of their strategic plan.

The provincial budget details fiscal allocations in each sector of the public service and provides statements of borrowing requirements, a comparative summary of current and related revenues, a summary of current and capital account expenditures, current account expenditures and related revenues and expenditures by main object and sector. The document also provides selected economic statistics which show the fiscal history of the province and outlines estimated provincial and federal revenues.

The Government recognizes the value of citizen involvement and to this end has established health boards that are the vital link in the governance processes within this province. As volunteers health board trustees bring valuable insights, expertise and skills to the governance table. Health board trustees live in the region they represent and understand the unique circumstances which surround the strengths and needs of the communities and their populations. This relationship is vital to the province's realization of its vision for the citizens.

The Government appreciates that health board trustees must deal with a diverse array of complex issues and challenges when governing in today's social sector. Such challenges include:

- achieving a balanced approach to governance which recognizes the dual accountability to the Government and the public;
- maintaining quality and standards of programs and services;
- responding to increased needs and expectations;
- offering programs and services within the fiscal capacity of the province;
- providing feedback and recommendations to Government; and
- addressing ongoing systems reform.

Health Board - Provincial Government Relationships

"The terms ***independence*** and ***autonomy*** are often used synonymously to suggest a board's unfettered right to conduct the affairs of the organization it represents. In reality no board is totally independent from the elected government which created it. However, many boards are autonomous in that they are self governing within a larger framework of governance, and exercise their decision making powers within provincial government policy and regulations" *Achieving Excellence 2000: A Handbook for the Improved Governance of Public Bodies*, p.3.

The sharing of responsibility and the carrying out of respective roles is critical to ensuring the social and economic goals of the province. It is important to appreciate that health boards are created by government or the legislature for the purpose of implementing public policy. Governance and accountability frameworks provide the necessary autonomy for health boards. Government gives the health boards the responsibility to govern their organizations while maintaining the Minister's ability to ensure that government's fiscal and policy responsibilities are achieved.

Definitions

Governance

Governance has been defined as the exercise of authority, direction and control on behalf of a public or private organization (LeClerc et.al., 1996). Management is the act, art or manner of controlling or conducting affairs (CCAF, 1996). Governance is framed by the purpose for which an organization was created and is therefore concerned with activities of the highest level including planning, goal setting, policy development and monitoring progress toward strategic objectives, *Achieving Excellence 2000: A Handbook for Improved Governance of Public Bodies*, p. 2.

Health board trustee

A health board trustee means a person who is appointed to be a member of a board under a section of a specific piece of legislation in the province of Newfoundland and Labrador including: the *Hospitals Act*, the *Health and Community Services Act*, and the *Newfoundland Cancer Treatment and Research Foundation Act*.

Purpose of this Handbook

The purpose of this handbook is to provide a resource for health board trustees, which supplements *Achieving Excellence 2000: A Handbook for Improved Governance of Public Bodies* and *Achieving Excellence 2000: A Guidebook for the Improved Accountability of Public Bodies*. This handbook is a detailed resource intended to support individual health board trustees as they fulfill the responsibilities which they assume upon accepting their role on the health board. It is not intended to be prescriptive, replace, limit or override Government legislation, regulations, policies and procedures, nor a health board's constitution, by-laws, rules, regulations and policies.

This handbook is one way the Government is attempting to support the vital and complex work of health board trustees. It is impossible to write one handbook that will meet the needs of all trustees. Therefore, we have endeavoured to provide as much information as possible within each chapter. Each chapter is designed to be as self contained as possible. This way a trustee can use only those sections relevant to her needs. Experienced trustees from other sectors of society or members new to the governance process may find it beneficial to read the total document but this is not necessary for those with experience. This handbook contains specific chapters on designated topics. The chapters include the relevant material and appendices.

Notes regarding policies and practices specific to this health board

2 Overview of Governance

Model of Governance

Governance is a process whereby people work together in a specified relationship to enable effective decision-making. It is shaped by the purpose for which the organization was created and is therefore primarily concerned with activities of the highest level including planning, goal setting, policy development and monitoring progress toward strategic goals. *Achieving Excellence 2000:A Handbook for the Improved Governance of Public Bodies,* p.2. It focuses on the responsibilities and actions of the health board which involves:

- designing structure and processes;
- planning, monitoring and reporting; and
- working together with all stakeholders.

The four cornerstones of good governance include:

- *Authority* Legal authority to conduct the organization's affairs is vested in the health board. The health board has authority over the organization, and are trustees of the organization's mandate as well as its resources.

- *Leadership* Governance fulfills a leadership function in society. As leaders, health boards are expected to reflect the value system and priorities of the Government within their regional context. Through the health board individuals accept the challenge to develop positive relationships, ensure respect between parties and build a sense of belonging in the group. Leadership is about the relationship between the heath board trustees and those who bestowed the governance role.

- *Responsibility* — Having a fiduciary responsibility, health boards are expected to manage the resources of the organization effectively and efficiently to accomplish the mandate conferred by the Government. Health board trustees are expected to be reliable and allow appropriate factors and considerations to affect their judgement, including consideration of the effect of their choices on others. They are also expected to devote their personal time and energy to ensure that governance is appropriate and adequate.

- *Accountability* — Health boards are ultimately accountable for the actions of their organization. Accountability is the responsibility to answer for the discharge of conferred responsibilities. It requires that health boards understand who is responsible for what, what outcomes are to be achieved and what information needs to be shared to ensure appropriate decision making.

To support these four cornerstones of good governance, the health board should:

- be clear on its roles and responsibilities (Chapter 4);
- maintain effective communication linkages with external stakeholders (Chapter 5);
- have appropriate processes in place for decision making (Chapter 6);
- make policy decisions for the organization (Chapter 7);
- understand the budgeting process and financial reporting responsibilities (Chapter 8);
- understand the collective bargaining process and associated risks and responsibilities (Chapter 9);
- participate in the development and approval of the organization's strategic plan and be accountable for the outcomes (Chapter 10); and
- evaluate the performance of the CEO, individual members and itself, (Chapter 11).

> Good governance requires the application of foresight, knowledge, understanding, judgement and trust. Good governance assumes impartiality, integrity and objectivity, welcomes accountability, accepts transparency and openness, and attempts to maximize value for money, *Achieving Excellence 2000: A Handbook for the Improved Governance of Public Bodies*, p.3.

The following six elements are essential for a health board to be effective:

Element 1: ***Commitment***

Health boards are comprised of people with the necessary knowledge, abilities and commitment to fulfill their responsibilities. Trustees of the health board need to commit both individually and as a group to the organization's vision, mission, mandate, goals and the processes approved to achieve them.

Element 2: ***Acceptance***

Health board trustees must accept the responsibilities associated with the governance role in order to achieve the mandate conferred by the enabling legislation. They must accept responsibility: to read applicable background documentation (e.g. policies, legislation, handbooks, etc); make the effort to understand the contents of reports and submissions necessary for the effective and efficient operation of the organization; and for the outcomes for their decisions.

Element 3: ***Planning***

Health board trustees are vested with the authority to be involved with and support the strategic planning process, a way of strategic thinking, which causes the health board to be responsible for determining where it is now, where it wants to be in a specified period and how its planning is complementary to the strategic plans of Government and the Department of Health and Community Services.

Strategic and operational plans need to consider the diverse needs of the population served since programs and services may have a different impact on different groups. For example, because of their different biological characteristics and life experiences, girls/women and boys/men may experience different outcomes from a particular program that was previously thought to be gender neutral.

Element 4: ***Communication***

The health board should establish internal and external communications processes. These should ensure access to relevant timely information, advice and resources. These processes, also, should provide direction to the CEO and the health board regarding interactions with the Minister of Health & Community Services, government officials and the public.

Where possible, health board concerns should be clearly expressed in written form to the relevant parties.

Element 5: ***Outcomes***

The health board should determine how its processes impact or make a difference to the region in the context of its organizational mandate. Health boards can evaluate their outcomes by systematically: reviewing policy development as a measure of impact; monitoring progress in achieving the goals in the strategic plan; and undertaking evaluations of the health board, health board trustees, and CEO. Some outcomes can be unintended and can be different for different segments of the population.

Element 6: ***Reporting***

The Government and its entities are obliged to provide the public with an explanation, or account, of their stewardship, *Achieving Excellence 2000: A Guidebook for the Improved Accountability of Public Bodies*, p. 3. Thus it is understood that health board trustees agree to accept ownership of conferred responsibilities and fulfill all obligations to report to identified authorities on the discharge of those responsibilities and the results obtained.

Notes regarding policies and practices specific to this health board

3 Orientation

Introduction

The chairperson has a responsibility to ensure that health board trustees are orientated to their roles and responsibilities on initial appointment. This is best undertaken in partnership with the Department of Health and Community Services, the NLHBA and the health board.

The health board should ensure:

- orientation material (regional, provincial and national information) has been designed and adopted and sessions have been scheduled;
- the following topics are covered: model of governance; roles and responsibilities; communication processes; policy development; budgeting and finance; collective bargaining; decision making; strategic planning; and evaluation of the health board, health board trustees and the chief executive officer;
- members attend the sessions;
- time is set aside to answer questions which may arise during the process; and
- a mechanism is in place to periodically revise and update the orientation materials and process.

Suggested Contents of Information Package

New health board trustees should be given an information package that may include:

- relevant legislation, constitution, by-laws and policies of the health board, (see a detail list of general statutes of government in Appendix B of *Achieving Excellence 2000: A Handbook for the Improved Governance of Public Bodies*, p.28);
- the vision, mission, and values statements of the Government, Department of Health and Community Services, NLHBA and the health board;
- strategic plans of Government, the Department of Health and Community Services and the health board;
- organization's operational plan and status report;
- health board minutes from the previous two years;
- financial statements from the previous two years;
- annual and auditor's reports of the health board from the previous two years;
- organizational charts of the health board, Department of Health & Community Services and the Newfoundland & Labrador Health Boards Association;
- an overview of all programs/services of the organization to clients and personnel;
- copies of evaluation reports from the previous two years;
- a list of health board trustees and senior staff, including their roles and responsibilities;
- copies of *Achieving Excellence 2000: A Guidebook for the Improved Accountability of Public Bodies, Achieving Excellence 2000: A Handbook for the Improved Governance of Public Bodies* and *Excellence in Governance: A Handbook for Health Board Trustees*; and
- a brief biography of each health board trustee and executive management staff; and
- the role of the Newfoundland & Labrador Health Boards Association.

Introduction to Roles and Responsibilities

The health board is responsible for governance; individual health board trustees do not govern. The health board's authority to govern is delegated by the Government and is outlined in specific legislation. As a result the health board is legally bound by the parameters of the legislation. Whatever authority is exercised by a health board is exercised by the health board as a whole. The CEO is responsible to the health board as a whole, and is not bound by the decisions or directions of an individual health board trustee. The health board should commit to its CEO that it does not require an accountability relationship between an individual health board trustee and the CEO and will never hold the CEO accountable for any criteria except those stated officially by the health board. The health board should establish committees to carry out strategic governance functions but not to instruct staff in carrying out their duties.

The health board is responsible for establishing effective arrangements to ensure compliance with statutory requirements, therefore, they should be comprehensively reviewed.

It is important for each health board trustee, before accepting additional responsibilities such as committee membership and liaison work, to determine if she has the time and interest to follow through on responsibilities and report on same.

In order for health board trustees to effectively carry out their roles and responsibilities continuing education is vital. The health board should ensure that an individual health board trustee's educational needs assessment is conducted on initial appointment and on an ongoing basis. Continuing education should also provide opportunities for personal development which may include; attendance at provincial and national meetings and conferences, presentations by staff and other strategies as appropriate and within organizational policies and financial resources.

Mechanisms should be in place to ensure that health board trustees wisely and appropriately use resources entrusted to them. They must understand the parameters of access to resources for personal use. Health board trustees should adhere to the governing body's conflict of interest policies. Health board trustees should not place staff members in difficult situations by asking to use or access resources for personal benefit.

New trustees of the health board must clearly understand the risks and liabilities associated with governance and the organization's operations. Their orientation should clearly describe how risks and liabilities are to be managed. Risks are associated with decisions related to:

- programs and services;
- finances;
- disciplinary actions;
- individual personnel agreements and/or contracts;
- insurance issues;
- safety;
- health; and
- activities that impact on the environment and/or security of persons and property.

Health boards should know from whom and by what means they can seek advice concerning risks. For detailed information refer to Chapter 4.

Communication

The health board must ensure that communication processes are described and understood by trustees. The health board should decide by whom and through what means communication will occur between the health board and its:

- clients;
- staff;
- unions;
- advisory groups to/councils/committees of the health board;
- associations;
- department(s);
- other health boards (with same/similar mandate);
- other health boards (with different but complementary mandate and/or those providing services to the same age groups);
- advocacy groups;
- community agencies;
- media and;
- any other stakeholders.

For more detailed information refer to Chapter 5.

Decision-Making

The health board should provide opportunities for trustees to offer independent judgements and opinions. Mechanisms whereby trustees can offer their independent opinions should be made known to them. At the same time research information and government reports that demonstrate support for or evidence against the soundness of their opinions should be accessible. Strategic directions erroneously influenced by one or a few cases or second and third hand information can negatively impact the results the health board actually achieves.

Once health board trustees are given the opportunity to express their opinions they should:

- support the decisions made by the majority of the voting trustees;
- focus on the issue and not on the people involved; and
- follow the health board policy on openness and transparency in all activities of the organization, preserving confidentiality of discussions and decisions where it is proper and appropriate to do so.

Whenever documents are tabled the minutes should reflect whether they are ready for distribution and indicate who has the authority to distribute them.

When a trustee of the health board receives a communication that should be directed to staff she should redirect the communication and avoid transmitting information second hand. Also, follow up should be completed by the appropriate person/group. The reverse is also true. If a staff member is asked a question that should have been directed to the health board she should redirect the person/group to the health board.

For more detailed information on decision making and conducting effective meetings please refer to Chapter 6.

Policies

The health board must have a clearly documented process for policy development, implementation and annual review. Health board policies and policy-making processes should be made available to and reviewed with all new health board trustees. For more detailed information refer to Chapter 7.

Budget and Finance

The health board should establish and document policies and procedures to safeguard and manage its financial affairs and assets. During the orientation a health board trustee should be made aware of:

- the Government's financial position and policies as they relate to the health board;
- the health board's financial position, policies, procedures and use of generally accepted accounting principles;
- Department of Health & Community Services' requirements for preparation and submission of annual budgets;
- Department of Health & Community Services' policy regarding health board flexibility for resource allocation;
- health board parameters for budgetary expenditures;
- the role of the Auditor General as it relates to the operations of the Department of Health and Community Services and the health board;
- legislative and governmental requirements for production and submission of financial and statistical reports; and
- factors which may influence the financial affairs of the organization.

For more detailed information refer to Chapter 8.

Collective Bargaining

The health board is a participant in the collective bargaining process. The actual negotiations for unionized employees may be delegated to the Newfoundland & Labrador Health Boards Association, by the President of Treasury Board and are to be conducted in cooperation with Treasury Board and the relevant department. The following information should be provided to a new health board trustee:

- current collective agreements;
- current relevant provincial legislation;
- current labour relations issues facing the organization; and
- relevant organizational documents.

For more detailed information refer to Chapter 9.

Strategic Planning

Copies of the Department of Health & Community Services's and the health board's strategic plans should be provided. During the orientation process the following aspects of strategic planning should be reviewed:

- the strategic planning process used by the health board;
- the goals established by the health board;
- the health board's requirements for performance reporting;
- how adjustments are made to the plan;
- the process for release of the plan;
- who approves the performance and other reports;
- who authorizes the release of reports;
- who is the public spokesperson for the plan and resulting reports; and
- how the client/public can have input and/or respond to reports.

For more specific information refer to Chapter 10.

Evaluation

Credible and systematic evaluations of the health board as a whole, individual health board trustees and the CEO are critical to the success of the governance process. New health board trustees should be oriented to the evaluation mechanisms adopted to ensure organizational and governance effectiveness.

For more information refer to Chapter 11.

Notes regarding policies and practices specific to this health board

4 Roles and Responsibilities

This chapter outlines the roles and responsibilities within a governance structure. Further elaboration on specifics will occur in subsequent chapters.

Role of the Health Board

The powers, duties and decision-making capability of a health board is usually established through legislation and/or government direction and reflected in the health board's constitutions, by-laws and policies. All the legal authority to conduct the business of an organization is vested in the health board. The board is the link between the organization it governs and the organization's external environment. In the broadest sense, the role of the board is to provide leadership and direction to the organization (*Achieving Excellence 2000: A Handbook for the Improved Governance of Public Bodies*, p.13). Specifically, a health board is responsible for:

- exercising the powers and duties vested in it by enabling and/or other legislation, (the *Hospitals Act*, the *Health & Community Services Act*, the *Cancer Treatment and Research Foundation Act*);
- ensuring the organization operates within the limits of its statutory and/or other relevant authorities, *Achieving Excellence 2000: A Handbook for the Improved Governance of Public Bodies*, p.28-32;
- ensuring appropriate programs and services are offered within resource capabilities;
- advising the Minister of Health & Community Services (via the Chairperson) of relevant emerging, potentially sensitive and/or legal issues;
- ensuring the assets of the organization, including any public funds, are used with integrity, Chapter 8;
- ensuring potentially sensitive and/or legal issues are dealt with appropriately and expeditiously, Chapter 6;
- exercising fiduciary responsibilities, Chapters 2, 6,7, 8,11;
- ensuring that the organization's staff operate in an ethical and legal manner, Chapters 2, 7;
- setting the strategic goals of the organization and defining policies and regulations, Chapters 7, 10;
- establishing a strategic planning process for the organization and

recommending plans and reports to the Minister of the Department of Health & Community Services for comment and/or approval, Chapter 10;
- recommending annual budgets to the Minister of Health & Community Services for approval, Chapter 8;
- monitoring and reporting organizational performance, Chapters 10,11;
- liaising with internal and external stakeholders, Chapter 5;
- managing risks and sensitivities, Chapters 2, 7, 8,9,11;
- recommending or providing policy input to and seeking policy direction from Government, Chapter 7;
- participating in the organization's executive hiring process where appropriate, Chapter 4;
- negotiating and signing a contract with a new CEO;
- evaluating the performance of the Chief Executive Officer, health board and individual health board trustees, Chapter 11; and
- developing policy processes and approving policy, Chapter 7.

Standards of behaviour

Trustees of a health board have a responsibility to provide leadership by adhering to the highest standards of behaviour. Organizations should clearly articulate and communicate these standards to health board trustees. Suggested principles to guide behaviour may include:

- selflessness;
- integrity;
- objectivity;
- accountability;
- openness;
- honesty; and
- leadership.

Selflessness

The principle of selflessness means a health board trustee puts the concerns for the greater good of the organization ahead of his personal interests. A trustee seeks first to understand the perspectives of others before sharing individual views. A trustee should be willing to participate in problem-solving processes and uphold the decisions of the majority.

Integrity

Unless requested by the chairperson a trustee should not conduct informal meetings about the organization's business either before and/or after the formal meetings have taken place. A trustee should speak his mind honestly and openly while meetings are in progress. Information which is noted as confidential should be kept confidential. A trustee should gain and maintain the trust of the other health board trustees and the executive management staff through respectful actions.

Objectivity

A trustee should acknowledge his biases and not bring prejudices to the governance table. A trustee should listen to all points of view and remember he is responsible for sound objective decision making which at times may bring different results than if he were making decisions from a personal perspective. If a trustee has any conflicts of interest he should declare those before the discussions start and not participate in relevant discussions.

Accountability

A trustee has a responsibility to be aware of the goals of the Government, Department of Health & Community Services and the organization. A trustee should agree to accept ownership of the conferred responsibilities and be willing to report to a higher authority on the discharge of those accepted responsibilities and the results obtained. The information gleaned during the accountability process will permit management to make informed decisions which in turn should result in continuous improvements in service delivery. However, the main purpose of accountability is to ensure that useful relevant information about government programs and services is provided to the public.

Openness

A trustee of the health board should accept the contributions of other trustees and make a conscious effort to ensure all trustees are included in discussions. A trustee should be conscious of his verbal and non-verbal communication ensuring he is non judgmental and sincere. A trustee should be open to change, build on the culture and history of the organization and respect the past while preparing for the challenges of the future. Also, he should accept responsibility for building collaborative relationships with staff, community groups, other stakeholders and health boards.

Honesty

A trustee is in a position of public trust. He should channel all of his words and deeds toward the achievement of the organization's mandate and goals. A trustee should keep his commitments and word. He should disclose any conflicts of interest and make the health board aware of any information that could influence the direction of the decision-making process.

Leadership

A trustee should agree to problem solve and lead by example. He should accept his governance role and not try to manage the organization. A trustee should not interfere with the role and responsibilities of the CEO or other staff. He should evaluate his own activities, accept the evaluation of others and agree to participate in a fair evaluation of the CEO. A trustee should encourage positive relationships throughout the organization. A trustee should champion strategic planning and performance measurement recognizing that the organization is a part of the greater community. A trustee should always be aware of how decisions could affect other stakeholders.

The most effective health board trustee is one who understands his role, has a clear sense of vision, mission and mandate, is able to work as a team trustee to achieve goals and focus on results.

Code of ethics

Each health board should develop a code of ethics for health board trustees. The following examples are designed to support the health board in this process. Each trustee shall:

- view service on the health board as an opportunity to serve the region/province;
- at all times think of the constituents and how decisions will affect them;
- make no disparaging remarks, in or out of the health board meetings, about other trustees or about their opinions;
- remember at all times that as an individual he has no legal authority outside the meetings of the health board and that he will conduct all of his relationships on the basis of this fact;
- recognize that his responsibility is not to manage and operate the organization but to see that it is well managed and operated;
- seek to provide programs and services based on the needs of the constituents within the mandate of the health board;
- listen to all citizens and refer all concerns to the CEO and discuss same only at a regular meeting on referral by the CEO;
- graciously support a decision once it has been made by the majority of the health board;
- not criticize staff publicly but refer such criticism to the CEO for investigation and action if necessary;
- only make decisions after all relevant facts and research has been presented and discussed;
- refuse to make promises as to how he will vote on a matter that should properly come before the health board as a whole;
- not discuss the confidential business of the health board in his home and/or community; the place for such discussion is the health board meeting;
- confine his actions to policymaking, planning, and evaluation and leave the management and operation of the organization to the CEO;
- encourage co-operation and participation by community, clients and staff in developing policies that affect their welfare;
- ensure that the organization uses its limited financial resources to achieve maximum benefits consistent with its mission, mandate and strategic goals;
- resist every temptation and outside pressure to use his position to benefit himself or any other individual or agency not relevant to the mandate of the organization; and

- recognize at all times that the health board is an agent of the Government and as such will abide by the relevant legislation and the constitution.

bylaws and policies of the organization.

Health board and staff

A clear understanding of responsibilities and relationships between and among the health board and staff is essential for a smoothly run and efficient organization. It should be remembered that the health board, management and staff and all others responsible for any phase of the work of the organization have a common and basic responsibility – the welfare of the organization's clients. This responsibility should, within the confines of the resources allocated to it, i.e. financial, human and technical, guide all considerations and decisions. It is important that the health board trustees and staff understand the parameters of their communications and reporting relationships as outlined above. Adherence to the health board's code of ethics and the standards of behaviour are crucial during health board trustee and staff interactions.

Role of the Health Board in Succession Planning

Succession planning is a strategic process. Once the process is approved by the health board it is implemented by the CEO in order to prepare for current and future executive management needs. It is important for an organization because it helps to:

- engage senior executives in a formal review of leadership talent;
- guide development activities of staff;
- bring management development programs into alignment with the process of leadership renewal within the organization;
- assure continuity of leadership;
- avoid transition problems; and
- prevent premature promotion.

It is an ongoing process that is in place throughout every level and for all positions within the organization. The process ensures the right people are ready at the appropriate time to assume positions throughout the organization and it should be:

- customized to the organization;
- driven by executive management;
- focused on the organization's strategic plan and reflective of its culture; and
- based on an ethical systematic approach.

Role of the Chairperson

The chairperson of the health board provides the formal link between the board, the Minister of Health and Community Services and the health board's key stakeholders. It is the chairperson who presides over meetings of the health board and facilitates discussion without monopolizing ongoing debate. The chairperson has no greater authority than any other trustee and only speaks on behalf of the health board in accordance with its constitution, by-laws and policies. In addition, to facilitate the overall effective functioning of the health board the chairperson is usually responsible for:

- ensuring that trustees understand and abide by the principles of quality governance;
- ensuring that trustees are oriented to their roles;
- ensuring that trustees participate in continuing education opportunities, in accordance with board policy and available resources;
- serving as a director of the Newfoundland & Labrador Health Boards Association;
- ensuring that board trustees understand their roles, responsibilities and accountability requirements within the health board's statutory authority;
- ensuring that trustees understand their risks and liabilities;
- ensuring trustees understand the conflict of interest policy and that conflict of interest issues are declared and addressed as appropriate;
- planning for leadership succession as outlined above;
- developing an effective liaison with the Minister of Health & Community Services, the Newfoundland & Labrador Health Boards Association, community groups and other key stakeholders;
- ensuring there is a consistent decision-making framework in accordance with the principles of quality governance;
- presiding over meetings ensuring that participation and effective deliberation are fair, open and thorough and minutes are accurately and promptly recorded;
- ensuring trustees are aware of and adhere to the health board's code of ethics;
- ensuring the development and implementation of the organization's strategic planning process;
- ensuring that the CEO's performance is assessed in accordance with policy; and
- ensuring that the health board, the individual health board trustees, and the CEO evaluation processes are undertaken as per board policy.

Role of the Vice-Chairperson

The role of the vice-chairperson should be outlined in the legislation, constitution and/or by-laws covering the organization. This role is primarily to be familiar with and assume the role of chairperson in his absence. Additionally, the vice-chairperson must be prepared to assist the chairperson in the execution of his/her duties or accept special assignments as requested by the chairperson or the health board.

Role of the Secretary

The role of the secretary should be outlined in the legislation, constitution and/or bylaws covering the organization. Legislation government health boards often require that the CEO is the secretary of the Board. Even if there is no role for the secretary in legislation the health board should consider appointing a recording secretary who would be responsible for keeping records of meetings including overseeing the taking of minutes at all meetings. Also, he is responsible for the distribution of meeting announcements, minutes and the agenda to each trustee assuring that organizational records are maintained as outlined in the relevant legislation and/or bylaws.

Role of the Treasurer

The role of the treasurer should be determined by the legislation, constitution and/or bylaws governing the organization. Should this role exist the trustee, before agreeing to serve in this office, should understand the expectations and time commitments. Typically this role could include the following:

- ensuring the financial reporting requirements are met;
- providing advice to the health board, with the support of the organization's staff, on financial matters;
- assuming overall responsibilities for the financial affairs of the organization; and
- ensuring that auditors and bankers are appointed on a regular basis.

Role of Individual Health Board Trustees

A health board trustee is expected to bring his views and those of the constituents to the board table. However, it is critical to understand the obligation to represent all stakeholders and to make decisions in the best interest of the total population served. A trustee who fails to consider the broader context of his role, and who fails to make the necessary separation between a single interest and the broader interest, can seriously compromise a health board's ability to deliver on its overall mandate, *Achieving Excellence 2000: A Handbook for the Improved Governance of Public Bodies*, p.16. More specifically each trustee should make sure he:

- is familiar with the legislation applicable to the health board;
- knows and supports the mission, vision, mandate and goals of the organization;
- safeguards and promotes the values of the organization;
- comes to meetings prepared, asks informed questions and makes a positive contribution to discussions;
- makes decisions based on thorough evidence and research;
- actively contributes his personal expertise as needed on the health board, e.g., business management, financial, legal, health, or consumer viewpoint;
- works harmoniously with other health board trustees without either dominating the health board or neglecting his share of the work;
- supports the decisions and policies of the health board in discussions outside the health board meetings even if he expressed a dissenting voice during discussions;
- respects the confidentiality of health board discussions;
- fulfills his responsibilities in recognition of a fiduciary responsibility and does not represent the interests of a narrow constituency;
- discloses to the health board any potential conflict of interest and removes himself from discussions where a potential conflict of interest exists;
- recognizes the role of management in carrying out the health board's direction and policy and is careful not to interfere with the functions delegated to either management or staff;
- takes advantage of opportunities to be educated and informed about the health board and the relevant field; and
- engages in the evaluation of the health board and CEO and in self-evaluation.

Role of the Chief Executive Officer

The CEO is appointed by the health board, however, prior written approval is required by the Minister of Health & Community Services. Ideally, the CEO and the health board work together in furthering the best interests of the organization therefore their relationship needs to be one of mutual openness, trust and respect. Upon appointment the health board chairperson undertakes to ensure a thorough orientation for the new incumbent to the role and responsibilities and the organizational issues and concerns. Additionally, the CEO should establish a liaison with the Deputy Minister and senior officials of the Department of Health and Community Services, other CEO colleagues, and the Newfoundland & Labrador Health Boards Association. Primarily, the CEO manages the day-to-day activities and guides the organization toward the strategic goals established by the health board. However, the CEO is not simply an administrator. A CEO has to be a visionary, strategist and problem solver and is usually responsible for:

- monitoring and evaluating the organization's performance and initiating corrective action as necessary;
- participating in the strategic planning process as approved by the health board;
- preparing operational plans and progress/performance reports for review and approval of the health board;
- preparing the capital and operating budgets for required reviews and approvals;
- maintaining effective communication with the Deputy Minister of Health and Community Services;
- implementing approved organizational policies and procedures;
- evaluating the performance of the organization's executive staff;
- ensuring new employees are properly evaluated;
- ensuring the health board has access to all relevant information necessary for the conduct of its business; and
- maintaining effective communication links within the organization and between the health board, its public and other stakeholders, *Achieving Excellence 2000: A Handbook for the Improved Governance of Public Bodies*, p.15.

In addition, the CEO shall not cause or allow within his reasonable control any practice, activity, decision or circumstance within the resources available that is detrimental, unsafe, unethical, irresponsible, imprudent or illegal to occur. The following are examples of limitations on the role of the CEO. He shall not:

- permit new employees to begin work without adequate orientation;
- allow any program and service area to operate without appropriate and properly functioning equipment;
- permit programs and services to operate without appropriately qualified staff;
- authorize expenditures beyond the budgets approved by the board;
- fail to protect clients from abuse by staff;
- permit operations to occur without policies to reasonably protect clients from exposure to health hazards in the organization's facilities/agencies;
- fail to ensure that programs and services are delivered in a manner sensitive to the clients' culture:
- minimize, withhold or ignore information to clients or families regarding safety or risk related procedure;
- fail to meet the standards applicable to the organization;
- operate without a quality management process which regularly assesses the quality of programs and services against generally accepted standards providing for evidence-based decision making;
- use forms or procedures that elicit information for which there is no clear necessity;
- use methods of collecting, reviewing, storing or transmitting client information that fail to protect against improper access;
- fail to ensure that policies are in place which protect client rights and confidentiality during research;
- operate without consistent procedures to ensure clients with the greatest need are given the highest priority;
- operate without a review process that determines whether resources are being utilized appropriately;
- use methods that are ineffective or inefficient;
- operate without on-going monitoring of needs of the community(s) applicable to the health board's mandate;
- fail to promote collaboration with internal and external partners to enhance the quality and efficiency of programs and services;
- fail to provide an appeal process for client complaints and/or concerns; and
- fail to inform, on a timely basis, the health board of all events and issues.

This list is not all inclusive. It is intended to provide guidance only.

Role of the Newfoundland & Labrador Health Boards Association (NLHBA)

The Newfoundland & Labrador Health Boards Association was founded in 162 and first incorporated in 1966 as the Newfoundland Hospital Association, the Newfoundland & Labrador Health Boards Association (NLHBA) represents a strong collective voice for its member organizations: The Institutional Boards (six), the Integrated Boards (two), the Health & Community Services Boards (four), the St. John's Nursing Home Board and the Newfoundland Cancer Treatment & Research Foundation. The NLHBA provides services to meet the needs of members and is governed by a voluntary board of directors who serve in the public interest.

As the federation of provincial health boards, the NLHBA is dedicated to working collaboratively with the province's publicly-funded health system through dynamic leadership in advocacy, the creation and exchange of ideas, and the development of consistent policies, standards and guidelines.

The NLHBA provides services in the areas such as; advocacy and information, labour relations and collective bargaining, group purchasing and pastoral care/spiritual care.

The role and activities of the NLHBA have evolved to meet the challenge of today's health system and the needs identified and requested from the Association by its members. The NLHBA acts as a central point of reference in the decentralized health system and voices Health Boards' perspectives and concerns to Government and the public. The role of the NLHBA supports partnership and ongoing collaborative planning.

Board Committees

Committees receive their mandate from the health board and as such report to the health board on their deliberations. Governing bodies generally appoint committees to assist with its functioning.

The committees may be 'standing', meaning that they continue until cancelled by the health board, or 'ad hoc', meaning that they are appointed to fulfill a specific purpose. Standing and ad hoc committees involve either the participation of all trustees in the form of a committee of the whole, or of one or more trustees.

A health board that attends to its primary responsibilities and that understands its role rarely if ever appoints ad hoc committees. However, there are occasions when issues of a time-limited and critical-nature necessitate the establishment of ad hoc committees. Once the time limit has been reached and the report submitted trustees should understand that the role of the committee is completed and it is duly dissolved.

A committee should not assume any additional responsibilities unless conferred upon it by the health board. Committees are used where expertise is require Each committee should have the following outlined in the health board's by-laws, minutes and/or policies:

- the purpose (terms of reference);
- the trusteeship composition;
- the degree of permanence (e.g. standing, ad hoc);
- the reporting structure;
- parameters for decision making; and
- the reporting expectations of the health board.

Examples of the more common health board committees include executive, finance and audit, strategic planning, property, personnel, community relations.

Notes regarding policies and practices specific to this health board

5 Communication

Introduction

The quality and appropriateness of communication exerts a significant influence on health board effectiveness. The volume and level of detail received from and transmitted to the relevant department(s) of government, staff, community and other boards should promote critical awareness of programs and services currently offered or being proposed for the future, goals of the strategic plan and the degree to which specified outcomes are achieved. Communication plays an important role in garnering support around key issues and challenges facing the health board as identified in its strategic plan.

Communication takes many forms and each has its own strengths and weaknesses. Examples of types of communication include policies, reports, pamphlets, brochures, media advertisements, conversations, minutes, presentations, agendas and records. The health board should collaborate with the CEO to ensure a comprehensive communications plan. The plan should include elements such as:

- issues which are provincial in scope and would be most appropriately addressed in cooperation with the Newfoundland & Labrador Health Boards Association;
- who speaks in specific circumstances for the health board;
- the contents of governance reports required/requested by the Department of Health and Community Services;
- the communicative expectations of partner agencies;
- the needs of executive management and other staff for specific information;
- how the needs of clients and other stakeholders are to be fulfilled;
- from whom and by what potential means input will be sought into the development of the strategic plan;
- to whom, how and when results of programs and services will be reported; and
- the general public relations strategies for the health board.

To create and maintain confidence in the system and its operations the health board must communicate effectively and respond in a timely manner to requests for public information. In order for stakeholders to accept that the health board's mandate is actually being fulfilled it is critical that there is:

- an understanding and perception that the organization's programs and services are on track;
- an understanding that the specified strategic goals are being met; and
- acknowledgement of support by the local communities.

Communication as a Two-Way Process

Communication is a two-way interaction between people. It involves not only transmittal of a message but also the receiving of information from others. Consequently, an organization's communications should be based on a comprehensive communication plan and focus on more than just what it or body trustees desire to communicate to their various stakeholders. A critical element of the plan includes the key messages. It should also seek to receive feedback and opinions. Media training should be provided for those persons who are designated as the organization's spokespersons.

A communication sent does not necessarily mean it is understood. Research shows that people have to be exposed to an idea many times and in many different ways before it can realistically be assumed that the message is being heard and understood, *A School Board Trustees Handbook.*

An announcement signifying a regional change to a program or service might be communicated through; a letter to affected stakeholders, a letter or newsletter from the program or service manager sent to clients, a notice or advertisement in the local newspaper, a public announcement on the local cable television channel, a public service announcement or an advertisement on the local radio station and/or a write-up in both the health board's newsletter, as well as, verbal announcements at meetings. However, despite having communicated the message in different ways through different channels there will always be those who will claim they never saw or heard any announcement.

Trustees are cautioned, when receiving messages not to over generalize the concerns of a few citizens into representing the concerns of all. By carefully timing its responses an organized advocacy group can mount an effective campaign with an unsuspecting health board trustee by having a few people call that trustee the evening prior to a vote on an important issue.

Surveys are a valuable method of receiving information and feedback. The health board should be cautioned, however, about how it interprets surveys administered within the region.

Communicating with Community

The health board should agree upon the time and opportunities which need to be agreed upon to facilitate understanding between its internal and external stakeholders and itself. The appropriate flow of information is vital, therefore, the policies for communication must be set by the health board. The CEO should be expected to structure and execute this flow within the approved policies.

The health board should set policies which detail:

- when it is necessary for the chairperson to be the sole communicator;
- when individual health board trustees are designated to represent the health board and how much decision-making authority they are given under these circumstances (It is too late to chastise a trustee, for agreeing with what appeared to be a logical request, after the fact. She should have known the limits prior to agreeing to the role);
- the power vested in committee chairpersons or trustees;
- when the CEO will represent them;
- when regional management personnel are given special responsibilities because of the geographical size of the region; and
- when to undertake coordinated communications in cooperation with the Minister of the Department of Health & Community Services.

The health board may also wish to ensure the communications plan considers an array of strategies such as:

- buying inserts for local papers;
- declaring a district week/month;
- hosting an annual district fair;
- posting to organizational web-site;
- publicizing meetings;
- providing a "welcome to a meeting" information brochure;
- establishing a news media question period after meetings;
- providing an information brochure for new community residents; and
- providing brochures to relevant clients.

Communicating with the Provincial Government

The health board should agree on the nature and extent of communications required to facilitate understanding between the organization and Government. The appropriate flow of information is vital, therefore, the parameters for communication must be set by the health board. The chairperson and CEO should be expected to structure and execute this flow within approved policies.

The health board should set parameters which detail:

- when items will be dealt with by the organization or the organization in cooperation with the Newfoundland & Labrador Health Boards Association;
- its adherence to the expectations of the Government; and
- the channels of communication, ie. chairperson to minister, CEO to departmental executive.

Communicating with the Staff

Staff are an important constituent group and the importance of health board discussions concerning staff input, explaining critical actions and facilitating information flow throughout the organization cannot be over emphasized. A strong communication network provides a valuable information source for health board trustees. The health board's primary communication to and from staff should be through the CEO, however, opportunities for health board trustees to communicate with staff other than the CEO are important. These opportunities should not be construed as mechanisms to usurp the communication networks from the CEO and executive management to/from their staff. Communication problems can develop between the health board and the CEO if some cautions are not considered. When this channel of communication is bypassed the information flow is disrupted and confusion, misinformation and misunderstandings can result.

To enhance the health board trustee's knowledge of aspects of the organization the CEO and executive management team could facilitate some of the following strategies:

- scheduling site/facility visits;
- attending site-sponsored special events and activities that are open to the public;
- commenting positively about a facility, program and service or an employee in the presence of employees or the news media; and
- being aware of staff achievements and positively commenting to the staff member.

A health board trustee is not just another significant stakeholder or member of the public when she interacts with staff. Whether she wishes it or not the trustee is seen as a person at the top of the organization. If she drops in on the office or a site she is not just a visitor. A trustee is a person of influence whose opinions affect the health board's decisions.

Anything a trustee says may be interpreted in a way other than what was intended and a trustee may have to backtrack and try to clear up confusion about what was really said or what was meant during conversations with an employee.

In an effort to build better communications and attempt to reduce problems some suggestions a health board trustee could consider in consultation with the health board chairperson include:

- meeting with the CEO periodically to discuss concerns and perceptions of situations within the region;
- requesting that the CEO establish a personalized sites-visitation schedule if she wishes to visit programs and services within facilitates; and
- communicating to the CEO information she has that could negatively affect the region.

Internal Health Board Communications

A health board trustee should agree on the communication policies which cover communication practices within the health board setting, committees and public fora. She should understand:

- how disagreements over issues should be settled;
- whether decisions should be made by majority vote or consensus;
- when discussions are confidential;
- by whom and when decisions are announced;
- how to have influence in the agenda setting process; and
- how dissensions should be handled.

A mechanism for addressing non-adherence to the health board's communications policies and other interpersonal relationships should be established.

The health board's standards of behaviour and code of ethics should be reviewed in the orientation for new trustees. A trustee is expected to act as a team player, demonstrate leadership, operate within the health board norms and show respect for all other health board trustees and staff. The health board's agenda should allow time for committee reports and communication issues of importance to the trustees. Other mechanisms to assist with internal communication may include:

- a newsletter;
- a "highlights" bulletin;
- CEO question and answer sessions;
- an organizational suggestion box(es);
- an "ask the CEO" question box; and
- an e-mail networking system.

Notes regarding policies and practices specific to this health board

6 Decision-Making

Introduction

The official business of the health board is conducted and decisions are made at duly-constituted formally-called meetings of the health board and its committees. Official health board meetings are of two types, 'regular' and 'special' and may be either 'open' or 'closed'. All meetings of the health board are legal proceedings conducted in a business-like manner according to the appropriate rules of order such as *Robert's Rules of Order* and *Bourinot's Rules of Order* and in accordance with the bylaws of the organization. A quorum in accordance with the appropriate legislation, constitution and bylaws is required in order for the meeting to be considered legitimate.

If a health board trustee feels that proper meeting procedures are not being followed the trustee may call a point of order. This requires that the chairperson of the meeting listen to the trustee's concern and decide on its validity. If the trustee or any other trustee feels that the chairperson has made an incorrect decision on the matter a challenge may be made against the chairperson's decision.

To assist new trustees the set of abbreviated rules of order included, in Appendix A (source unknown), at the end of this chapter, may be of assistance.

Types of Meetings: Regular and Special

Regular

Regular meetings, the normal fora for health board decision making, are held according to a predefined schedule as determined and established by the health board. In some instances governing bodies publish meeting dates in advance of their meetings. The meeting schedule is determined by the health board in compliance with its governing legislation and bylaws. This schedule would include regular, committee and the annual general meetings. The agenda is normally determined by the chairperson of the health board after discussion with the CEO. For regular meetings it will include whatever the health board desires to discuss, however, time should be allotted to focus on the strategic issues identified in the strategic plan.

Special

Special meetings are called when an item of business requires prompt decision making and cannot be delayed until the next regular meeting. The discussion at special meetings is limited to the topics on the agenda for that meeting.

The health board bylaws will indicate the notice required to call special meetings and whether such notice can be waived. For example, a health board bylaw may provide that a special meeting can be called for a specific purpose with a specific notice. The bylaw may state that this specific notice may be waived with the unanimous consent of all health board trustees.

Reasons for having special meetings might include the need to inform the health board trustees:

- of program and services and/or staff matters of a highly sensitive and urgent nature;
- of unexpected organizational, financial or labour relations concerns that must be resolved to meet a deadline;
- of the need to ratify a purchase agreement or deal with a disaster; or
- of a specific issue as requested by the Department of Health & Community Services.

Public Access

Whether a meeting is regular or special the health board should decide if it will be open or closed.

Open

An open meeting is one where individuals other than the duly constituted health board trustees and invited staff can attend and participate. Members of the public and other members of the staff may only participate with the permission of the chairperson and/or the total health board.

A health board should be aware that where the meeting is open, the minutes may be accessible in accordance with the *Freedom of Information Act* or any replacement legislation.

Closed

It is a commonly accepted practice that property purchases, human resource matters, and collective bargaining issues are legitimate business for closed meetings. Controversial matters and other sensitive issues also tend to be dealt with in a closed meeting.

Where governing legislation does not mandate what can and cannot be included in closed meetings a health board should set policy to limit what is discussed. In the absence of policy it is up to individual health board trustees to question the appropriateness of individual items appearing on closed agendas.

Ten(10) Key Elements of Effective Meetings

Attention to the following elements should help ensure that effective meetings take place:

1. *Purpose*

The key reason for regular meetings is to provide the health board with the forum needed to discuss policy and focus on the strategic issues as identified by the organization and the progress in achieving the agreed upon goals.

If the reasons for having the meeting cannot be stated clearly and succinctly the need for the meeting should be questioned. If a trustee feels that a meeting is not necessary he should take the initiative and question its necessity. For example, might there be some other way of accomplishing the intent of the meeting or can the information be sent out in a memorandum, a report or a newsletter?

If there is any confusion about the purpose of a meeting the trustee should ask for immediate clarification and that all future agendas state the meeting's purpose. This causes the organizers of the meeting to think clearly about the need for having a meeting in the first place.

2. *Attendance*

A quorum, meaning an agreed-on predefined number of health board trustees, is required to conduct a legitimate meeting of the health board. The quorum for a health board meeting is normally, but not always, a minimum of a simple majority of trustees as defined in the board's bylaws.

Also the chairperson in consultation with the CEO should decide if relevant staff and/or stakeholders are needed at the meeting as resource people. Sometimes arrangements should be made to have people available on short notice where their advice or expertise may be needed.

3. *Agenda*

The agenda is generated from:

- the minutes of previous meetings;
- the strategic plan;
- discussion between the health board chairperson and the CEO;
- reports from board committees;
- items identified from other health board trustees; and
- issues which arose since the last meeting.

It should list all the topics to be discussed. Information included as background reading should be included with the meeting agenda.

A problem for some health board trustees is the "surprise" agenda items added just prior to the start of the meeting. A policy clearly detailing how agenda items are determined and their deadline for inclusion is one way of dealing with this common problem.

4. *Notification*

Those key staff and other stakeholders who are expected to attend a meeting should receive reasonable notice of the meeting. Strategies for ensuring that relevant staff and/or stakeholders are informed should be determined by the chairperson in consultation with the CEO.

5. *Timing*

The start and end times of effective meetings should be predefined and agreed on by the health board trustees. Part of the chairperson's role in establishing the agenda is to predict and determine a reasonable time frame for each item. The chairperson should keep these time frames in mind when pacing the presentation of information relating to each item on the agenda and facilitating informed discussion and debate. However, the meeting should start on time and not drag on for any more time than is necessary to conduct board business.

When the health board permits presentations by stakeholders and/or staff the amount of time available should be made known to the individual(s) involved and the time frame should be honoured.

6. *Information*

The primary reason for having a meeting is to share information which supports effective decision making. Trustees should be assured that they will have all of the background information required. This information should clearly lay out the issues, state the problems, provide the appropriate data and offer alternatives or options for consideration.

This information supports informed discussion and debate necessary for effective decision making.

7. *Focus*

The chairperson could follow the rules of order outlined in Appendix A, at the end of this chapter, to ensure that all discussions are focussed and succinct for each agenda item under discussion.

The business of the health board at its meetings should be done through motions which are proposed by a trustee. Motions can either be proposed after a discussion in order to facilitate decision making or as a mechanism to bring an item forward for discussion. They need to be seconded, discussed and debated, sometimes amended, then voted on or tabled. Commonly accepted rules of order allow the mover of the motion to close debate. When sufficient discussion has ensued a health board trustee may "call the question" meaning that the trustee feels it is time for the vote on the motion to be taken.

If a majority of the health board trustees in attendance agree with a motion (for most but not all, types of motions) the motion is "carried". If a majority of the trustees present vote against the motion it is "defeated". Individual trustees may ask that their negative vote be recorded for reliability purposes. Health board trustees who for whatever reason do not participate in the vote are said to "abstain". One reason a health board trustee might choose to abstain from a vote on the motion is a perceived conflict of interest for that trustee on a matter before the health board. In this case the trustee should not only abstain from the voting but also physically absent himself from any of the discussion leading up to the motion. The abstention should be recorded in the meeting minutes.

8. *Minutes*

The purpose of the minutes of meetings is to record decisions made. Minutes are not meant to be narratives of everything that was discussed and debated at the meeting but should include all motions and:

- whether the ideas were supported (the motion passed);
- whether the ideas were not supported (the motion was defeated);
- the names of trustees who want their contrary vote recorded (individuals who felt strongly against and who voted against a motion which was passed); and
- the names of trustees who chose not to vote on the motion (individuals who abstained from voting on the motion).

A review of minutes of the health boards will show that there are as many methods of recording minutes as there are health boards. The minutes form an historical record of the health board's decisions.

The minute book of the health board is a legal document and may be referred to in legal proceedings. Each set of minutes should be signed as correct by the chairperson and secretary. The health board meeting minute book should not be taken out of the organization's administrative offices except for health board meetings which are held at an alternate site or a permanent paper file should be compiled from electronic records.

9. *Follow-up*

Minutes should clearly record who was directed to do what and by what date. One way to ensure that there is a clear understanding of what is expected as a result of a motion and/or conclusion of an agenda item is to have the chairperson succinctly state the follow-up action. What may appear clear to one trustee may not be clear to another. After a meeting it is frustrating to hear several different interpretations of what was said and decided. Minutes are considered draft until they are adopted by motion at an ensuing meeting of the health board.

10. *Physical Environment*

Factors to consider when setting up the physical environment include the following:

- lighting;
- the health board table;
- seating;
- room temperature;
- room and materials accessibility;
- display areas; and
- audiovisual needs.

Where a trustee of the health board or any person who is attending a meeting has an exceptionality her/his needs should be addressed, ie. hearing impairment, physical disability. A health board trustee will considered in attendance when using electronic means (e.g. telephone, video conferencing)where it is written in the bylaws of the organization.

Problem Solving Approaches

A trustee of a health board is required to problem solve to ensure the right things are being done and the right actions are taken by staff. This is a tall order for health board trustees because many issues are not straight forward. Sometimes there is no obvious 'best answer'. Other times the health board trustee may find that he knows what needs to occur but may encounter barriers. Finally, in times of limited resources the trustee may be faced with the difficult job of making choices knowing full well that if the organization had all the resources it would wish things could be different.

Keeping the focus on the issue

Trustees of health boards should keep the focus of discussion and problem solving on the issues for the system.

The type of problem solving used will depend on the issue. If the issue is one that is brought forward by a health board trustee, a member of the executive management staff or an invited stakeholder the approach could be different from the one chosen to deal with an issue which is global in nature. Two problem solving processes are discussed below. The first could be used when an individual presents an issue and the second method could be used when the issue is global in nature. These methods are based on a program published by the Rocher Institute (see bibliography).

Individual Issue

When an issue is specific to an individual the method recommended below ensures that this person is fully involved but is not left feeling alone or open to undue interrogation by the trustees of the health board. Suggested steps in this process are as follows:

- identification of the concern, issue or problem;
- summarization of the issue and facilitation of the discussion by the chairperson;
- confirmation by the chairperson that all questions related to the issue are tabled;
- confirmation by the chairperson that all participants identify and offer solutions; and
- selection of the most feasible solution(s).

Global issue

Facing these situations can be quite difficult for a trustee of a health board. Before addressing ethical issues and decision making there are three terms which need to be clarified:

Ethics	is the careful examination of the moral principles which help decide the right course of action;
Morals	are the guidelines and standards that protect common values; and
Values	are those beliefs that enable consensus.

In a multi-cultural society such as that found in many communities in Newfoundland and Labrador, governing bodies must be aware of the values, morals and ethical standards held by people with different cultural and ethnic backgrounds. The health board as part of the strategic planning process should state its values. The public should be aware that these values influence the decision-making process and actions of the health board and staff throughout the organization. Where these values change in any part of the organization it should be acknowledged and documented.

A trustee of the health board should ensure a clear understanding of the values, morals and ethical standards which govern his role. If there is a conflict for any reason this should be made known to the chairperson. Conflict resolution is key to the successful accomplishment of the governance mandate.

For suggestions regarding problem solving please refer to Appendix B at the end of this chapter.

Types of Ethical Problems

As outlined in *The Better Director: Successful Boardroom Navigation* ethical concerns/problems/issues will be one of three types:

- ethical dilemma;
- ethical distress; or
- dilemma of justice.

For support in solving ethical problems refer to Appendix B.

Ethical dilemma

An ethical dilemma is a situation involving two or more right courses of action but only one can be chosen. When choosing between the two right courses of action problem solvers should consider factors such as the past decisions (precedents), political climate, timing, preferences of the individuals involved, long term effects of the decision and costs.

Ethical distress

Ethical distress occurs when an individual is faced with an issue and knows exactly what should be done but is prevented from doing it. When facing such a situation the individual may experience stress and tension. In such cases, the individual should remember to focus on the issue and avoid placing blame or shifting responsibility to other persons or organizations which may be just as incapable of changing current circumstances.

Dilemma of justice

Dilemmas of justice arise when a scarce supply of resources requires the health board to make difficult decisions about allocating benefits to those who want and/or need services. The health board trustee would find himself in a situation where conflicting demands are presented and choices have to be made. When the health board makes a choice the individual trustee should ensure his dissenting vote is documented. He should still publically support that choice. Individual trustees should not hold informal meetings outside the health board meeting and should not encourage others to form a faction which will split the health board creating wounds which cannot be healed. Every trustee should realize when this occurs someone caused it and someone must repair it. The trustee should make his points clearly and make sure he is recorded in the minutes but should not attack, belittle, ignore, or blame others. A health board must stay united. Decisions can be reversed but this must be done in the appropriate way using the health board's designated process.

During the problem solving process it is incumbent upon the chairperson to ensure that the focus stays on the issue. The following steps should assist in this process:

- gather relevant data;
- identify the type of ethical problem;
- explore the practical alternatives;
- choose a solution and assign responsibilities; and
- set a time to receive feedback.

The person presenting the ethical issue should feel supported and the solution(s) should be within the scope of the health board to implement. The health board should not make decisions for other bodies. It can decide to refer a problem for external review, adjudication or recommendations but it should not relinquish responsibility until a satisfactory solution has been agreed upon.

APPENDIX A

PARLIAMENTARY PROCEDURES AT A GLANCE

To Do This:-1	You Say This:	May You Interrupt Speaker?	Must You Be seconded?	Is the Motion debatable?	Is the Motion amendable?	What Vote is required?
Adjourn the meeting	'I move that we adjourn'	May not Interrupt speaker	Must be seconded	Not debatable	Not amendable	Majority vote required
Recess the meeting	'I move that we recess until..."	May not interrupt speaker	Must be seconded	Not debatable	Amendable	Majority vote required
Complain about noise, room temperature, etc.	'Point of privilege'	May interrupt speaker	No seconder needed	Not debatable-2	Not amendable	No vote required-3
Suspend further consid- eration of something question'	'I move the previous	speaker May not interrupt	Must be seconded	Not debatable	Not amendable required	Majority vote
End Debate	'I move the previous question'	May not interrupt speaker	Must be seconded	Debatable	Amendable	Majority vote required
Postpone consideration of something	'I move we postpone this matter until ...'	May not interrupt speaker	Must be seconded	Debatable	Amendable	Two-thirds vote required
Have something studied further	'I move we refer this matter to a committee	May not interrupt speaker	Must be seconded	Debatable	Amendable	Majority vote required
Amend a motion	'I move that this motion be amended by...'	May not interrupt speaker	Must be seconded	Debatable	Amendable	Majority vote required
Introduce business (a primary motion)	I move that...'	May not interrupt speaker	Must be seconded	Debatable	Amendable	Majority vote required

1. The motions or points above are listed in established order of precedence. When any one of them is pending, you may not introduce another that's listed below it. But you may introduce another that's listed above it.
2. In this case, any resulting motion is debatable.
3. Chairperson decides.

PARLIAMENTARY PROCEDURES (continued)

To Do This:-1	You Say This:	May You Interrupt Speaker?	May You be Seconded?	Is the Motion Debatable?	Is the Motion Amendable?	What Vote is Required?
Object to procedure or to a personal affront	'Point of order.'	May interrupt the speaker speaker	No seconder needed	No debatable	Not amendable	No vote required; chairperson decides
Request Information	'Point of information'	If urgent, may interrupt speaker	No seconder needed	Not debatable	Not amendable	No vote required
Ask for a vote by actual count to verify a voice vote	'I call for a division of the house'	May not interrupt speaker-2	No seconder needed	Not debatable	Not amendable unless someone objects	No vote required
Object to considering some undiplomatic or improper matter	'I object to consideration of this question.'	May interrupt speaker	No seconder needed	Not debatable	Not amendable	Two-thirds vote required
Take up a matter pre-previously tabled	'I move we take from the table ...'	May not interrupt	No seconder needed	Not debatable	Not amendable	Majority required
Reconsider something already disposed of	'I move we now (or later) reconsider our Action relative to...'	May interrupt	Must be seconded	Not debatable	Not amendable	Majority required
Consider something out of its scheduled order	'I move we suspend the rules and consider...'	May not interrupt speaker	Must be seconded	Not debatable	Not amendable	Two-thirds vote required
Vote on a ruling by the chairperson	'I appeal the chairperson's decision.'	May interrupt speaker	Must be seconded	Debatable	Not amendable	Majority in the negative required To reverse chairperson's decision

1. The motions, points, and proposals listed above have no established order of precedence. Any of them may be introduced at any time except when the meeting is considering one Of the top three matters listed in above chart (motion to adjourn, motion to recess, point of privilege).
2. But division must be called for before another motion is started.
3. Then majority vote is required

Appendix B
Suggested Problem-Solving Processes

Introduction

Two complementary suggested problem solving processes are discussed below:

- the first may be used when an individual presents an issue; and
- the second may to be used when the issue is global in nature.

These processes may be beneficial where the health board does not have an established process of its own. Where the health board has an established process the following suggestions would not be necessary.

Process to Solve an Individual Specific Ethical Issue

When an issue is specific to an individual the method recommended below ensures that the person is fully involved and is not left feeling alone or open to undue scrutiny.

The ground rules which lead to success with this method should include the following:

- the facilitator for this process does not have to be the chairperson of the health board or committee;
- a recorder should be chosen;
- one person speaks at a time on the direction of the facilitator;
- when the person bringing the issue is speaking the other persons present shall not interrupt, comment or use non-verbal behaviours signifying disagreement or agreement;
- when the person bringing the issue does not choose a solution given by an individual it should not be taken personally;
- during the round robins each person should give one comment or ask one question refraining from offering a second;
- wherever possible issues should be scheduled on the agenda;
- issues should be dealt with and not left to escalate; and
- the process should take 30 minutes or less.

The steps in this process are as follows:

Step 1: *Identification of the concern, issue or problem*

Have the person present the concern, issue or problem. The facilitator listens carefully to ensure he understands what is being represented verbally. The facilitator paraphrases the concern to ensure understanding of the concern, issue or problem by all parties.

Step 2 : *Write the concern on a flip chart*

After the facilitator clarifies the issue the recorder writes it on the flip chart as a reference during the process. The facilitator reminds all present of the ground rules and invites the person bringing the issue to come and sit close to him.

Step 3: *A question and answer round robin*

Each person should be given a minute to identify questions he has about the issue. Questions are used to clarify the issue. When the persons present are ready the facilitator invites each one to ask one question. The presenter cannot be interrupted while he answers the question. Follow up questions are not permitted until the next round. If a participant in this process does not have a question he should just say "pass" and let the round robin keep moving until all the questions are exhausted.

Step 4: ***Identification of possible solution(s)***

The facilitator should ask the participants to take one minute to reflect on possible solutions to the issue outlined on the flip chart encouraging them to be as creative as possible. While the participants are reflecting the recorder will prepare the remainder of the flip chart as per the schematic below.

Problem statement:

Possible solutions

___1.
___2.
___3.
___4.
___5
___ 6
___ 7

When the participants are ready the facilitator will begin a round robin by asking each participant to offer one suggestion for handling the concern. The participants should be informed that the facilitator will continue with the round robin until all suggestions are exhausted. If a participant has run out of solutions he can say "pass". All solutions no matter how far reaching they appear at first should be welcomed. The recorder will write the suggestions in summary form to the right of each number. The facilitator should remind the presenter that he cannot comment at this stage but should sit so that the flip chart is easily visible. The facilitator should remind the presenter that he will not be asked to comment on the suggestions. At the conclusion of the round robin the presenter will be asked to categorize each suggested solution as either 1, 2 or 3. The numbers have specific meanings which the facilitator will explain to the presenter before he begins the categorization:

1. I can use this solution immediately;
2. I need more information before deciding if this solution is an option; or
3. I am unable to use this solution immediately but will keep it in case it is of use in the future.

Example: Flip chart of suggestions re ethical dilemma of inappropriate use of supplies and equipment by a health board trustee.

Problem Statement:
Solutions:

___1. Collect data regarding who uses what for what purpose

___2. Make personnel sign for access to equipment and supplies

___3. Change system of controls

___4. Have a board meeting and remind board of policy

___5. Give the person a verbal warning that their behaviour is unacceptable

___6. Revise operational policies to include expectations regarding use of board supplies and equipment

(keep listing until all suggestions are exhausted)

Step 5: *Categorization of solutions generated*

The recorder reads each solution generated by the participants and requests that the presenter categorize the solutions using the numbers 1, 2 or 3 as outlined above. The recorder ensures that the presenter's categorization number is written to the left of the numbered solution. Refer to continuation of example below:

Problem Statement:

Solutions:

3 1. Collect data regarding who uses what for what purpose

3 2. Make personnel sign for access to equipment and supplies

1 3. Change system of controls

2 4. Have a staff meeting and reprimand all employees

1 5. Give the person a verbal warning that their behaviour is unacceptable

1 6.Revise operational policies to include expectations regarding use of board supplies and equipment

The facilitator should ensure that the presenter is linked with the originator of any category 2 solutions where the presenter identifies that such a linkage would be beneficial.

Step6. *Follow-up*

The facilitator should identify with the participants and the presenter when an update will be provided as to the resolution of the issue, concern or problem.

Process to Solve a Global or Externally Presented Ethical Issue

When an issue is global in nature or is being presented by a representative of a stakeholder group this method may be beneficial.

The following ground rules can lead to success with this method:

- the facilitator for this process should be the chairperson of the health board or committee;
- a recorder should be chosen;
- one person speaks at a time on the direction of the chairperson;
- when the person presenting the issue is speaking the other persons present shall not interrupt, comment or use non-verbal behaviours which signify disagreement or agreement;
- when the person presenting the issue does not choose a solution given by an individual it should not be taken personally;
- during the round robins each person should give one comment or ask one question refraining from offering a second;
- wherever possible issues should be scheduled on the agenda; issues should be dealt with and not left to escalate; and
- the process should take 30 minutes or less.

The following steps should be followed:

Step 1. *Gather relevant data*

The chairperson in consultation with the CEO should ensure that all relevant data/information is gathered and available to the health board trustees i.e.:

- reports;
- minutes;
- precedents set from other jurisdictions;
- legislation, regulations, policies, directives;
- research;
- anecdotal records; and
- other relevant data which could facilitate resolution of this issue.

Step 2. *Identify the type of ethical problem*

This can be done by asking the following questions:

- Is there more than one right answer? (Ethical Dilemma)
- Is this the kind of problem where we know exactly what we should do but there are obstacles which prevent us from taking that action(s)?
  (Ethical Distress)
- Are we going to have to make a choice because we do not have sufficient resources to do everything we want to do? (Dilemma of Justice)

Step 3. *Exploration of the alternatives*

This can be done by considering the following factors:

- mandate;
- desired outcomes;
- political priorities;
- costs;
- growth and development issues; and
- implications for internal business processes.

Refer to step 3 and 4 from the Individual Specific Ethical Issue process outlined above for an explanation of the process to be followed here in Step 3.

Step 4. *Choose a solution and assign responsibilities*

Refer to Step 5 from the Individual Specific Ethical Issue process above and after completing this step give clear directions to the staff.

Step 5. *Follow-up*

Follow Step 6 from the Individual Specific Ethical Issue process above and set a time to receive feedback about the resolution of the problem.

Notes specific to the policies and practices specific to this board

7 Policies

Introduction

A health board's policies shall agree with the enabling legislation, other governing legislation, the constitution and the by-laws. Policies are statements that guide and constrain subsequent decision making by both the health board and the staff. Policy statements also direct the delegation of authority and tasks.

Policies are statements of the health board's expectations defining the boundaries for health board, administrative and staff action. Policies should reflect the values, morales and ethics of the health board as articulated in its belief statements. Health board policies should state what is expected not how something is done. It is important that the policy focus is directed towards outcomes not the activities of the organization. A procedure/regulation is usually associated with each policy. The procedure/regulation details the administrative action necessary to implement the policy.

Legal Status of Health Board Policies

Policies and decisions of the health board should be accurately recorded, current and communicate exactly what the it intends. The health board is held accountable and liable for its policies. The health board's policies can be reviewed in the courts and generally the health board will be held accountable for what is stated in its policies. The health board should ensure that its policies are consistent with the policy directions of the Department of Health & Community Services and the relevant legislation.

Policy Development - Model of Governance

In accordance with the model of governance, as detailed in chapter two, the health board's role in policy formulation is of critical importance. Policy development is considered to be one of the most important means by which the health board influences its organization ensuring fulfillment of its vision, mission and mandate.

Gender inclusive analysis should be included throughout the policy development process. The impact a policy can have on groups because of differences such as culture, income level, gender and age should also be taken into account. Women's Policy Office has published *An Integrated Approach in Policy and Program Development: Guidelines for Gender Inclusive Analysis.* Copies are available from: Women's Policy Office, Executive Council, Government of Newfoundland and Labrador, Box 8700, St. John's, NF, A1B 4J6.

Types of Health Board Policy Statements

Health board policies may be either limiting or enabling. Policies that are limiting restrict action by detailing what cannot be done. Policies that are enabling suggest action by detailing what can be done. A policy may be a concise statement of direction which is one or two sentences or it may be several paragraphs in length depending on the details desired by the health board.

Policy Development

In developing a policy the health board should consider:

- why the policy is needed;
- what it should cover;
- whether it will be limiting;
- whether it will be enabling; and
- how specific it will be.

Policies should be very carefully developed because they are the means by which the health board specifies and conveys what it wants the organization to do and refrain from doing. Policies should outline responsibilities in the following areas:

- client outcomes;
- internal business processes;
- learning and growth (professional and systems development); and
- financial outcomes.

Governing bodies should follow a specific process for policy development. The aim of this process should not only be to ensure the best possible results but also to encourage appropriate participation by the staff and community. Suggested steps in the process are:

- Phase I - Initiation of Policy
  This stage should include: identification by health board trustees, staff, and/or other stakeholders of a perceived policy need; preliminary discussions of the issue; and decision making by the health board to reject the issue, hold it for future consideration or proceed with policy development.

- Phase II - Development of Policy
  This stage should include: information gathering regarding the issue; debate and idea generation; and decision in principle regarding the policy content.

- Phase III - Finalizing Policy
  This stage should include: the drafting of the policy; obtaining input from involved stakeholders affected by the policy; reviewing and adopting of the policy by the health board; and placement of the policy in the health board manual.

Creation of a Policy Manual

The health board's policies should be written and collated in a policy manual. When a health board makes a decision designed to govern a future action, process, activity or outcome it should ensure either that it is widely disseminated or that a new policy is written in a suitable manner for inclusion in its policy manual.

Policy Dissemination and Review

As part of the health board's efforts to be accountable and transparent its policy manual should be provided to individual health board trustees, management staff, and accessible to all employees of the organization by placing copies in all facilities/sites and program and service areas. The policy manual should be considered a public document and widely distributed to stakeholders and made readily accessible to members of the general public on request. It is the CEO's responsibility to ensure that a process is in place for preserving and making accessible the policies, procedures and regulations adopted by the health board.

Health board policies should be reviewed, at least every two to three years. Any outmoded and outdated policies should be discarded or changed and new or revised policy statements, approved by the health board, should be included in the policy manual and distributed as outlined above.

Notes regarding policies and practices specific to this health board

8 Budget and Finance

Introduction

Health board trustees need to take time to understand the complexities of budget and finance. It is unrealistic to expect health board trustees to be fully conversant with all aspects of budget and finance after their initial orientation. The budget information must be clear, distinct and presented in manageable portions. The CEO should ensure health board trustees are familiar with current budgetary processes, quality service standards and associated time-lines.

The health board is expected to:

- consult with senior staff to discuss forthcoming budgets;
- clarify expectations of the health board;
- identify critical issues and budget concerns; and
- seek opinions regarding possible solutions to dilemmas.

In its operating and capital budgets submissions the health board will need to ensure the Government is made aware of its needs.

The Operating Budget

The health board prepares an annual budget, to cover the its operating expenses for a twelve (12) month period, on the same basis as its financial statements. Operating budgets include such expenses as:

- salaries, benefits and expenses for which the health board is responsible;
- costs of minor equipment and supplies for programs and services;
- costs which support programs and services;
- costs of maintenance, custodial and building services;
- debt servicing charges; and if applicable
- amortization of capital expenditures; and
- accrued costs.

In preparing its operating budget the health board will be required to provide supporting documents and detailed estimates of:

- operating expenses;
- operating revenue from all sources;
- any operating surplus or deficit projected from the current year;
- any debt service surplus or deficit projected from current year;
- cash projections; and
- the expected financial position at year end.

Usually, Government provides funding based upon cash requirements and not necessarily based upon accrued costs/revenues for financial accounting purposes. Most governing bodies are required to have a balanced budget (cash based).

The Capital Budget

Capital budgets provide governing bodies with a means of financing high-cost expenditures that require longer term financing. The Department of Health & Community Services authorizes capital expenditures based on a capital plan prepared and submitted by the health board. Capital items could include:

- site purchases;
- major facility construction and renovations; and
- major equipment purchases.

Usually, Government provides funding based upon cash requirements and not necessarily based upon accrued costs/revenues for financial accounting purposes. Most boards are required to have a balanced budget (cash based).

The Role of the Health Board

The role of the health board is to set policies, determine budget priorities and approve the proposed annual operating and capital budgets before submission to the Department of Health & Community Services. The health board should also monitor financial performance on a monthly basis.

Determining budget priorities

The health board's budget should logically follow from its approved mandate. The health board should also ensure that Government is made aware of the funding needs required to address the defined goals and priorities, which have been established in the organization's strategic plan.

The process for approving the annual operating budget

The health board should establish an internal process for developing and approving its annual and capital budgets. The deadlines for a health board to submit its approved budgets to the Department of Health & Community Services will be established by the Minister as part of Government's budget development process.

The health board's budget development process should include policies and procedures/regulations which cover:

- the time lines and important dates for the preparation of the budgets;
- what input, if any, is sought through the stakeholders;
- how information is gathered for the preparation of the budgets;
- what information and supporting documentation is presented by the senior staff to the health board;
- the role of the health board in the preparation of the budgets; and
- financial accounting policies for day-to-day record keeping and financial statement preparation consistent with the generally accepted accounting standards applicable to the health board's spending (expenditures), e.g. Canadian Institute of Chartered Accountants' standards, regulatory requirements, etc.

Budget monitoring

Budgeted amounts are projections estimated in advance of expenditures, at the time the budgets are developed and approved by the health board for submission to Government. Actual expenditures may not begin until the start of the fiscal year. Once the operating budget is finalized it represents a fixed amount for operating the organization. For any number of reasons the actual expenditures for the budget year may vary from the amount budgeted. These reasons may include such things as an increase or decrease in the demand for programs and services, unforeseen operational problems, or costs associated with environmental/weather factors.

The CEO, in consultation with the health board and in line with the Government's Accountability Framework and the Department of Health & Community Services's policies, should establish a process enabling the health board to monitor expenditures. This should be a monthly/quarterly report to the health board detailing the amount of the budget spent for the previous month. If this monthly/quarterly reporting process is not followed it may indicate the absence of appropriate financial systems and processes to ensure the health board meets its accountability responsibilities regarding financial monitoring and reporting. These statements may be expected to be submitted to the Department of Health & Community Services. Any variations in amounts in the monthly summary financial report should be explained and noted. The health board and staff should be continuously aware of their responsibility to balance the operating budget. The challenges involved in balancing the budget may necessitate the trading off of non- controllable expenditure increases against making expenditure reductions in other areas.

Another monitoring procedure for a health board is the annual health board audit. The auditor will submit a written set of audited financial statements and a management letter annually. The statements and accompanying documentation should be reviewed and discussed by the health board and submitted to the Minister of Health & Community Services in accordance with the board's governing legislation and the Government's Accountability Framework.

Budgetary and Financial Realities

Public expectations for programs and services continue to rise at the same time that fiscal pressures and resource requirements present significant challenges. Providing programs and services in a fiscally challenging environment forces the attention of the board back to basic principles. Governing bodies should be prepared to discuss fundamental questions such as the following

- What are the priorities for spending and why?
- Exactly what information about the budget is necessary for the health board to know?
- Are there resource shortfalls such that the health board cannot maintain existing programs and services and undertake new initiatives as identified in its strategic plan?
- If there are shortfalls what are the priorities for spending?
- How will the health board know if its operating budget is being spent properly?

The health board should focus its attention on what the organization intends to accomplish through its operating plan and budget as well as being fiscally responsible in its expenditures. The key questions for the health board to ask are, "Have the organization's goals been achieved? "Has the organization been able to fulfill its mandate?" "Has the organization been fiscally responsible?"

Health Board Manual for Budget and Finance

The CEO should ensure that health board trustees receive easily understood information about budget and finance. This may require providing each health board trustee with a copy of the budget and finance manual.

The health board's budget manual, which may be part of the policy manual referred to in Chapter 7, should contain definitions and explanations of budget and finance terms in clearly understood language. The definitions and sample financial statements contained in Appendix A, at the end of this chapter, may assist in this process.

The manual should contain copies of the health board's current budgets, policies as they relate to budget and finance matters and an explanation of the process and content of the health board's operating and capital budgets. Such a manual might include:

- a description of the provincial budgeting system;
- how funding is allocated to the health board by the Department of Health & Community Services and by the health board to its components;
- health board revenues. The majority of a health board's revenues will be provided through provincial government grants. These grants are subject to "appropriation"/ "voting" in the House of Assembly in accordance with the *Financial Administration Act.* Also, a listing of other possible revenue sources should be included; and
- the purpose of the health board's financial statements versus budget and cash flow statements.

A health board may examine a variety of strategies to raise additional funds. In doing so the health board should consider whether such strategies are permitted within its mandate and legislation, the impact such strategies would have on its stakeholders and any other potential sensitivities which may arise.

Health board expenditures

A description of the types of health board's expenditures should be listed along with the process for making such expenditures. For example, details of the amounts of the operating budget allocated to cover employees' salaries and a breakdown of salary and benefit costs by type of employee category could also be provided.

Preparation of operating and capital budgets

The process used to build the health board's operating and capital budgets should be explained in this section of the manual. Some governing bodies may define their process as a matter of policy in their policy manual. Where this is the case the policy should be copied and included in this manual. The budget and finance schedules should identify important dates in the preparation of the health board's budget. These dates include the Government's budgeting timelines.

Health board priorities for budget

The organization's strategic and operational plans should be an addendum to the budget and finance manual. The operational plan will contain a comprehensive summary of the resource requirements to support implementation of the organization's objectives. In addition, as supplements to the manual the health board and/or the Department of Health & Community Services may require that budget updates be provided at certain predefined times during the year. These updates may include such information as:

- the current status of the budgets;
- an explanation of current budget priorities and pressures;
- expenditure changes that have been made that differ from the original budgets: and
- actions required to address deficits.

Questions for a New Health Board Trustee to Consider

During the orientation process for new trustees the following questions should be addressed

- Does the provincial Government allow the health board to incur an operating deficit? If yes, for what reasons?
- Does the provincial Government allow for a carryover of any surplus health board funds?
- If a carryover of funds is permitted, what are the health board's policies with respect to the expenditure of these funds?
- What provisions, if any, are made by the provincial Government during the year for increases or decreases in funding to the health board?
- What procedures are in place for monitoring the financial operation of each component within the jurisdiction of the health board?
- What were the results of the most recent external audit and what actions were taken to implement the auditor's recommendations?
- Does the provincial Government allow the health board to borrow pursuant to the *Financial Administration Act*?
- Do I understand the difference between the budget prepared to obtain funding from the Government (cash based) versus a budget prepared for internal financial operations similar to the financial statements (accrued based)?
- What are the allowable expenses for me as a health board trustee and how do I go about accessing and accounting for same?

Notes regarding policies and practices specific to this health board

Appendix A
Glossary of Terms Pertinent to Financial Administration

Note: The material in this appendix has been reprinted from *The Not For Profit Reporting Guide* with the permission of The Canadian Institute of Chartered Accountants. Copies of the publication can be ordered online at http://www.cica.ca.

Accounting Policies

Accounting policies are the specific accounting principles followed by an organization and the procedures for applying those principles.

Amortization

Amortization is the writing off, in a rational and systematic manner over an appropriate number of accounting periods, of a balance in an account. Depreciation accounting is a form of amortization applied to tangible fixed assets.

Assets

Assets, in general, are possessions having value. In accounting, assets are resources owned, or in some cases controlled, by an individual or organization as a result of transactions or events from which future economic benefits are expected to flow to that individual or organization.

Capital Assets

Capital assets, comprising tangible properties, such as land, buildings and equipment, and intangible properties, are identifiable assets that meet all of the following criteria

- are held for use in the provision of services, for administrative purposes, for production of goods or for the maintenance, repair, development or construction of other capital assets
- have been acquired, constructed or developed with the intention of being used on a continuing basis
- are not intended for sale in the ordinary course of operations, and
- are not held as part of a collection

Collections

Collections are works of art, historical treasures or similar assets that are:

- held for public exhibition, education or research
- protected, cared for and preserved, and
- subject to an organizational policy that requires any proceeds from their sale to be used to acquire other items to be added to the collection or for the direct care of the existing collection.

Contributions

Contributions are non-reciprocal transfers to a not-for-profit organization of cash or other assets or non-reciprocal settlements or cancellations of its liabilities. Government funding provided to a not-for-profit organization is considered to be a contribution.

Deferral Method

Under the deferral method of accounting for contributions, restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Endowment contributions are reported as direct increased in net assets. All other contributions are reported as revenue of the current period. Organizations that use fund accounting in their financial statement without following the restricted fund method would account for contributions under the deferral method.

Deferred Contribution

A deferred contribution is a restricted contribution received or recorded as receivable but carried forward to be taken into income in future periods.

Endowment Contribution

An endowment contribution is a type of restricted contribution subject to externally imposed stipulations specifying that the resources contributed be maintained permanently, although the constituent assets may change from time to time.

Endowment Fund

An endowment fund is a self-balancing set of accounts which reports the accumulation of endowment contributions. Under the restricted fund method of accounting for contributions, only endowment contributions and investment income subject to restrictions stipulating that it be added to the principal amount of the endowment fund would be reported as revenue of the endowment fund. Allocations of resources to the endowment fund that result from the imposition of internal restrictions are recorded as interfund transfers.

Expenses

Expenses are decreases in economic resources, either by way of outflows or reduction of assets or incurrences of liabilities, resulting from an entity's ordinary activities.

Fair Value

Fair value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Fund Accounting

Fund accounting comprises the collective accounting procedures resulting in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions of an organization. Elements of a fund can include assets, liabilities, net assets, revenues and expenses (and gains and losses, where appropriate). Fund accounting involves an accounting segregation, although not necessarily a physical segregation, of resources.

General Fund

A general fund is a self-balancing set of accounts which, under the restricted fund method of accounting for contributions, reports all unrestricted revenue and restricted contributions for which no corresponding restricted fund is presented. The fund balance represents net assets that are not subject to externally imposed restrictions.

Liabilities

Liabilities is a synonym for debt. It represents amounts that it is expected will require settlement in the future as a result of events and transactions that occurred prior to the accounting date, or obligations for future delivery of goods or services for which payment has already been received.

Materiality

Materiality is the quality of being important. As a general rule, in the context of financial reporting, materiality may be judged in relation to the reasonable prospect of an item or aggregate of items being significant to financial statement users in making decisions.

Net Assets

The net assets of an organization represent the residual interest in its assets after deducting its liabilities.

Net Book Value

Net book value is the unexpired, or unamortized, cost of an asset as carried in the accounting records of the organization.

Not-for-Profit organizations

These are entities, normally without transferable ownership interests, organized and operated exclusively for social, educational, professional, religious, health, charitable or any other not-for-profit purpose. A not-for-profit organization's trustees, contributors and other resource providers do not, in such capacity, receive any financial return directly from the organization.

Note Disclosure

Note disclosure is explanatory or supplementary information that elaborates on data summarized in the main body of the financial statements or provides additional information that is important to understanding the situation being reflected in the statements.

Related Parties

Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence. Two not-for-profit organizations are related parties if one has an economic interest in the other. Related parties also include management and immediate family trustees.

Related Party Transaction

A related party transaction is a transfer of economic resources or obligations between related parties, or the provision of services by one party to a related party, regardless of whether any consideration is exchanged. The parties to the transaction are related prior to the transaction. When the relationship arises as a result of the transaction, the transaction is not one between the related parties.

Residual Value

The residual value is the estimated net realizable value of a capital asset at the end of its useful life to an organization.

Restricted Contribution

A restricted contribution is a contribution subject to externally imposed stipulations that specify the purpose for which the contributed asset is to be used. A contribution restricted for the purchase of a capital asset or a contribution of the capital asset itself is a type of restricted contribution.

Restricted Fund

A restricted fund is a self-balancing set of accounts, the elements of which are restricted or relate to the use of restricted resources. Under the restricted fund method of accounting for contributions, only restricted contributions, other than endowment contributions, and other externally restricted revenue would be reported as revenue in a restricted fund. Allocations of resources that result from the imposition of internal restrictions are recorded as interfund transfers to the restricted fund.

Restricted Fund Method

This method of accounting for contributions is a specialized type of fund accounting which involves the reporting of details of financial statement elements by fund in such a way that the organization reports total general funds, one or more restricted funds and an endowment fund, if applicable. Reporting of financial statement elements segregated on a basis other than that of use restrictions (e.g., by program or geographic location) does not constitute the restricted fund method.

Restrictions

Restrictions are stipulations imposed that specify how these resources must be used.

Revenues

Revenues are increases in economic resources, either by way of inflows or enhancements of assets or reductions of liabilities, resulting from the ordinary activities of an entity.

Statement of Changes in Net Assets

This statement provides information about changes in the portions of net assets attributable to endowments, capital assets and other internal and external restrictions.

Statement of Cash Flows

This statement provides information about the sources and uses of cash by the organization in carrying out its operating, financing and investing activities for the period.

Statement of Financial Position

This statement presents the organization's economic resources, obligations and net assets as at the reporting date.

Statement of Operations

This statement presents information about changes in the organization's economic resources and obligations for the period.

Unrestricted Contribution

This is a contribution that is neither a restricted contribution nor an endowment contribution.

Useful Life

This is an estimate of the period over which a capital asset is expected to be used by an organization or the number of production or similar units that can be obtained from the capital asset by the organization. The life of a capital asset may extend beyond its useful life to an organization. The life of a capital asset is normally the shortest of the physical, technological and legal life.

Figure 9.2 Sample Statement of Financial Position - With Fund Accounting[3]

NFP A
Statement of Financial Position
as at December 31, 19X2

	Operating Fund	Research Fund	Capital Asset Fund	Endowment Fund	Total 19x2	Total 19X1
CURRENT ASSETS						
Cash and term deposits	$118,000	$4,000	$ -	$ -	$122,000	$160,000
Accounts receivable	20,000	-	-	-	20,000	10,000
Grant receivable	-	30,000	-	-	30,000	25,000
	138,000	34,000	-	-	172,000	195,000
Investments (market 244,000 - 19x1 102,000)	-	-	80,000	160,000	240,000	100,000
Capital assets, net	-	-	627,000	-	627,000	135,000
	$138,000	$34,000	$707,000	$160,000	$1,039,000	$430,000
CURRENT LIABILITIES						
Accounts payable & Accrued liabilities	$24,000	$1,000	$-	$-	$25,000	$20,000
Mortgage payable - current	-	-	6,000	-	6,000	-
	24,000	1,000	6,000	-	31,000	20,000
Mortgage payable - long term	-	-	441,000	-	441,000	-
Deferred contributions	110,000	8,000	147,000	-	265,000	175,000
FUND BALANCES						
Invested in capital assets	-	-	113,000	-	113,000	65,000
Externally restricted	-	-	-	150,000	150,000	100,000
Internally restricted	-	25,000	-	10,000	35,000	-
Unrestricted	4,000	-	-	-	4,000	70,000
	4,000	25,000	113,000	160,000	302,000	235,000
	$138,000	$34,000	$707,000	$160,000	$1,039,000	$430,000

[3] This example is reproduced from the Appendix to Section 4400

Figure 6.5 Example of Capital Assets Disclosures

Note X Significant accounting policies (excerpt)[1]

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which for buildings is 20 years and for equipment is 5 years.

Note Y Capital Assets[1]

	Cost		Accumulated Amortization		Net Book Value	
	19x2	19x1	19x2	19x1	19x2	19x1
Land	$150,000	$50,000	-	-	$150,000	$50,000
Buildings	540,000	140,000	87,000	70,000	453,000	70,000
Equipment	40,000	25,000	16,000	10,000	24,000	15,000
	$730,000	$215,000	$103,000	$80,000	$627,000	$135,000

(1) These notes relate to the financial statement example provided in figure 6.1. Some of the details presented in Note Y could equally have been presented on the face of the statement of financial position instead of as a note to the financial statements.

Amortization expense

The total amount of amortization expense on all capital assets should be clear from either the financial statements or the notes. Amortization may be presented as a line item in the statement of operations or in the **statement of cash flows** prepared using the indirect method. If total amortization expense is not presented separately on the face of either of these statements, it would be disclosed in the notes to the financial statements.

Figure 12.2 Sample statement of cash flows with operating activities presented using the direct method (with fund accounting)[2]

NFP A

Statement of Cash Flows
for the year ended December 31, 19x2

	Operating Activities				Financial and Investing Activities			
	19x2		19x1		19x2		19x1	
	General Fund	Research Fund	Total Cash Flows from Operating Activities	Total Cash Flows from Operating Activities	Capital Asset Fund	Endowment Fund	Total Cash flows from financing & investing	Total Cash flows from financing & investing
Sources of Cash								
Federal Government	$110,000	$25,000	$135,000	$125,000	$ -	$ -	$ -	$25,000
Contributions	55,000	-	55,000	30,000	83,000	50,000	133,000	-
XYX Foundation	25,000	-	25,000	20,000	-	-	-	-
Seminar Fees	70,000	-	70,000	70,000	-	-	-	-
Investment Income	8,000	10,000	18,000	15,000	2,000	-	2,000	-
Mortgage	-	-	-	-	450,000	-	450,000	-
Uses of Cash								
Salaries and benefits	(200,000)	(30,000)	(230,000)	(225,000)	-	-	-	-
Materials and services	(19,000)	(1,000)	(20,000)	(15,000)	-	-	-	-
Purchase of capital assets	-	-	-	-	(510,000)	-	(510,000)	-
Purchase of investments	-	-	-	-	(80,000)	(60,000)	(140,000)	(35,000)
Contributed equipment put in services	-	-	-	-	(5,000)	-	(5,000)	-
Mortgage interest and principal	(18,000.00)	-	(18,000.00)	-	(3,000)	-	(3,000)	-
Net increase (decrease) in cash and term deposits	31,000	4,000	35,000	20,000	(63,000)	(10,000)	(73,000)	(10,000)
Cash & term deposits, beginning	185,000	(25,000)	160,000	140,000	-	-	-	10,000
Interfund Adjustments	(98,000)	25,000	(73,000)	-	63,000	10,000	73,000	-
Cash & term deposits, end of year	$118,000	$4,000	$122,000	$160,000	$ -	$ -	$ -	$ -

[2] This statement was taken from the Appendix to Section 4400 (situation 11).

Figure 10.2 Sample statement of operations under the deferral method of accounting for contributions with fund accounting [2]

NFP A
Statement of Operations and Changes in Fund Balances
for the year ended December 31, 19x2

	Operating Fund	Research Fund	Capital Asset Fund	Endowment Fund	Total 19x2	Total 19x1
REVENUES						
Federal Government Grants	$105,000	$30,000	$ -	$ -	$135,000	$125,000
General contributions	55,000	-	-	-	55,000	50,000
Contribution from XYZ Foundation	25,000	-	-	-	25,000	-
Amortization of deferred contributions	-	-	8,000	-	8,000	7,000
Seminar Fees	80,000	-	-	-	80,000	75,000
Investment income	8,000	2,000	-	-	10,000	15,000
	273,000	32,000	8,000	-	313,000	272,000
EXPENSES						
Salaries & benefits	200,000	30,000	-	-	230,000	195,000
Purchased materials & services	23,000	2,000	-	-	25,000	30,000
Amortization of capital assets	-	-	23,000	-	23,000	12,000
Mortgage interest	-	-	18,000	-	18,000	-
	223,000	32,000	41,000	-	296,000	237,000
Excess (deficiency) of revenues over expenses	50,000	-	(33,000)	-	17,000	35,000
Fund balances, beginning	70,000	-	65,000	100,000	235,000	200,000
Endowment contributions	-	-	-	50,000	50,000	-
Interfund transfers	(116,000)	25,000	81,000	10,000	-	-
Fund balances, ending	$4,000	$25,000	$113,000	$160,000	$302,000	$235,000

[2] This example is reproduced from the Appendix to Section 4400

9 Collective Bargaining

Introduction

Collective bargaining is a legal term which describes the process by which an employer and a union seek to negotiate a contractual agreement or renew or revise an existing contractual agreement. Not all of the health board's negotiations involve "collective" bargaining. The health board has an individual or collective contract, either formally or otherwise, with employees excluded from union trusteeship such as management support staff and management staff. This chapter focuses totally on the collective bargaining process for unionized employees.

The health board's daily approach to employee relations generally determines the union's approach and attitude to collective bargaining in the long term. The formal negotiations by which collective agreements are concluded may only be for a period of a few weeks or may last several months. Regardless, this is just part of human resources management.

The health board should promote the idea that the best interests of the public will be served by establishing policies and procedures to provide an orderly method for its management and staff to discuss matters of common concern. It should also be understood that nothing in negotiations shall compromise either the health board's legal and financial responsibilities or any employee's basic human rights.

The Role of Treasury Board

Health board trustees must recognize the significant role played by Treasury Board in the collective bargaining process in the public sector. Under the *Public Service Collective Bargaining Act* the President of Treasury Board is the chief negotiator for all public service groups covered under this Act. She at her discretion may delegate this responsibility but ultimately all collective bargaining conducted under this Act has to have final approval of Treasury Board.

Treasury Board determines whether it will be directly responsible for collective bargaining for those employees covered under the *Public Service Collective Bargaining Act* or whether it will delegate collective bargaining responsibilities to specific public bodies. Appendix A details the agreement between the Newfoundland & Labrador Health Boards Association and the Government of Newfoundland with respect to the involvement of the Association in Labour Relations matters.

Regardless of any protocol between a health board and Treasury Board all monetary items and issues with provincial implications would be dealt with with the approval of Treasury Board.

Role of the Newfoundland and Labrador Health Boards Association (NLHBA)

The NLHBA works on behalf of its trustees to facilitate the collective bargaining process. This is usually done in partnership with the Department of Health & Community Services and Treasury Board. Each bargaining team negotiates salary and working conditions for unionized employees in accordance with the relevant labour legislation. The goal in the collective bargaining process is to successfully conclude a contractual agreement with each unionized group.

Specifically, the collective bargaining team:

- defines expectations and outcomes;
- establishes a negotiating philosophy;
- supports the chief negotiator; and
- gives direction by setting parameters for the process.

The Role of the Health Board

A health board usually does not actually conduct negotiations but provides support and input for the negotiating team that is responsible for negotiations. Where health board trustees sit on the negotiating team it will be in compliance with the relevant collective bargaining legislation. However, representation from the employer organization is typically provided by executive management staff.

The health board's role in collective bargaining should specifically include the following:

- defining areas of the current collective agreement for which it desires deletions, modifications and/or additions;
- providing input to the negotiating team to assist with the definition of a "philosophy" for the negotiating process;
- suggesting names for possible appointment to the bargaining team in line with relevant legislation;
- providing input relevant to the communication process regarding the collective bargaining process;
- ratifying the collective agreement; and
- pay the expenses of their negotiating team representative.

The Process for Collective Bargaining

Collective bargaining may result in considerable conflict and disruption to the organization's operations. The Newfoundland & Labrador Health Boards Association, should in a particular sector, represent governing bodies in collective bargaining. In these cases, the association would work, in collaboration with the individual governing bodies, the Department of Health & Community Services and Treasury Board to develop the employers' proposals and negotiate the relevant agreement with the appropriate union.

The basic steps in the collective bargaining process which is generally led by the Newfoundland & Labrador Health Boards Association, include:

- setting employer's goals and objectives to be achieved during collective bargaining;
- preparing the employers' proposals;
- meeting with the union to establish protocols for negotiations;
- agreeing or disagreeing about what issues will be considered for bargaining;
- receiving the union's proposals; and
- determining the employer's position and response on each issue.

Rules and procedures for the negotiating process are usually established at the beginning of the process. The management and union bargaining teams will initially decide on the times and dates of meetings, where they will occur and for how long. They will determine the process for setting each meeting's agenda and whether there will be news releases and, if so, whether they will be undertaken jointly or separately.

Early in the process the employer's negotiating team also needs to discuss the scope of bargaining. The employer will generally want to protect its management rights; the ability to hire, evaluate, discipline and dismiss employees. The union will often challenge these rights and will usually attempt to negotiate a position on these matters.

As part of the collective bargaining process the employer's negotiating team must prepare the employer's counterproposal. The employer's negotiating team will need to know Government's (Treasury Board's) initial position on monetary and other key operational issues. After analysing the union proposals and requests the team will determine a position on each issue and indicate where there can be concessions, compromise or no movement at all.

The Role of the Health Board in Event of a Withdrawal of Services/Strike

In order to be prepared for a withdrawal of services/strike a manual, which contains the organization's contingency plan, should be prepared by the staff and updated regularly by the organization in conjunction with other relevant documents. Any such manual should address a host of issues and questions which may arise. An organization's withdrawal of services/strike manual should give consideration to a number of questions such as the following:

- How does the health board attempt to keep its organization operational?
- Does the health board have the resources to keep its programs and services functional during a strike?
- What are the safety and security issues facing the organization during a strike?
- What may be the possible actions of other non-striking unionized workers and what plans are in place for potential actions?
- How will management and non-union non-management staff be utilized during a strike?
- Can the health board consider using volunteers?
- Will the benefits(e.g. accumulate sick and annual leave benefits)of striking employees be maintained during the strike?
- Who prepares the health board's communication plan in event of a strike?
- Who will communicate with the media and other stakeholders on behalf of the health board?
- What impact will essential employees (if applicable) have on the entities strike plans?
- What are the potential implications if other individuals (e.g. volunteers and/or employees) do bargaining unit work?
- What is the role of other parties (e.g. Government or Newfoundland & Labrador Health Boards Association)in the communication process?
- Under what circumstances would court injunctions be sought to deal with labour unrest?

Problems a Health Board Trustee Could Anticipate in Collective Bargaining

Attempts may be made to draw a health board trustee directly into the negotiating process. This may occur where a health board trustee has personal friendships with the union's executive or bargaining team trustees. If a health board trustee does have personal friends who are trustees of the union she should agree in advance to avoid negotiations as a topic of conversation outside health board meetings while bargaining is underway. A health board trustee should not communicate directly with the union or any of its trustees individually regarding negotiations. The health board trustee deals with such attempts by not responding and referring to the health board's strike manual for direction.

As a rule of thumb it is important that a health board trustee becomes familiar with the information contained in the withdrawal of services/strike manual prepared by the Newfoundland & Labrador Health Boards Association and/or its organization. Generally, a health board trustee is not directly involved in negotiations at the collective bargaining table because she:

- should focus on broad policy directions rather than operations;
- may neither be trained nor experienced in negotiations; and
- may change the dynamics of negotiations with his/her presence because the union's negotiating team may shift its thrust from negotiating to conveying political messages.

Notes regarding policies and practices specific to this health board

Agreement between
the ***Newfoundland Hospital and Nursing Home Association***
and
the Government of Newfoundland
with respect to
the involvement of the Association in Labour Relations' matters

(As approved by the Board of the Newfoundland Hospital and Nursing Home Association and the President of Treasury Board on behalf of Government, December 1993)

1. The Newfoundland Hospital and Nursing Home Association shall have an integral role and full participation in all aspects of the collective bargaining process that involves, either singularly or collectively, unions representing staff in hospitals, nursing homes and community health agencies which are members of the Association.

2. When appropriate, an Association representative shall be authorized by the President of Treasury Board, pursuant to the public Service Collective Bargaining Act, to undertake collective bargaining on behalf of Association members and in cooperation with Government.

3. The following arrangements and structure shall generally apply to collective bargaining and related matters involving employees of members of NHNHA.

   a. **Labour Relations Committee**

      The parties agree to establish a Labour Relations Committee which shall be chaired by a member of the Board of the Newfoundland Hospital and Nursing Home Association, along with up to six representatives of NHNHA and up to two representatives from each of Treasury Board and the Department of Health. The Committee's mandate would include deciding on policy arbitrations, court appeals and general guidelines re negotiations and labour relations activities, and appointment of representatives to negotiating committees. Policy and other issues which cannot be resolved by the Labour Relations Committee would be referred by the Labour Relations Committee to the Executive Committee of the Association and Government as appropriate.

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b. **Director of Labour Relations or person designated for specific negotiations**

The mandate and authority of the Association's Director of labour Relations or any other person designated as chief negotiator for specific negotiations shall be:

(i) the primary resource of the Association for ongoing input to and communication with Government at all levels;

(ii) responsibility for maintaining an ongoing liaison with Association members re negotiations;

(iii) to have within the mandate as determined by, and in ongoing consultation with the Labour Relations and/or Executive Committee through and with the Executive Director and in consultation with Government officials considerable scope in developing the employer's position in negotiations, and in determining the strategies to be applied in the collective bargaining process.

c. **Policy Consultation and Communication between the Association and Government**

It is agreed by Government and the Association that there be ongoing consultation, liaison and exchange of information which would occur both prior to and during negotiations through a mechanism which would ordinarily include the Secretary of Treasury Board, the Assistant Secretary (Personnel Relations), the Director of Collective Bargaining, the Deputy Minister of Health, and the Executive Director and Director of Labour Relations of NHNHA, this group to be supplemented when desirable to do so through the addition of appropriate Ministers, and elected officers to the Association. It is of particular importance, in this regard, that there be a clear understanding through this arrangement of the limitations and parameters to apply with any set of negotiations before they commence, and it is further understood that the discussion within this group, where so indicated, must be considered in the utmost confidence.

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d. **Coalition and Two-Tier Bargaining**

It is recognized that both coalition and two-tier bargaining may occur from time to time. This creates two issues:

(i) Coalition bargaining, particularly with support staff, can include health and non-health sector components within a single set of negotiations. It is not, therefore, logical that the Association would necessarily take the lead in all of these negotiations, but is essential there be effective Association input and influence. It is further proposed that where coalition bargaining takes place in a two-tier scenario that the coalition aspect only apply for that bargaining which involves overall Government strategy and specifically agreed monetary issues.

(ii) It is accepted that with two-tier bargaining Government will decide on monetary issues, but as noted in (i) above, regardless of who takes the lead, in specific negotiations, the Association must be effectively involved. It is proposed where two-tier bargaining provides scope for negotiations that do not include Government policy and monetary issues, such negotiations be conducted by the Association with just the health component of any coalition or individual union, and such negotiations to include appropriate representation by Government.

e. **Delegation by Association Members to Bargain on their behalf**

The Association will solicit from its members a new delegation to bargain collectively on their behalf in accordance with the new arrangements contained in this document.

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Newfoundland Hospital and Nursing Home Association

Delegation of Collective Bargaining Authority

Name of Hospital, Nursing Home or Community Health Agency

The Board of Directors of this organization empowers the Newfoundland Hospital and Nursing Home Association to act as its exclusive bargaining agent to negotiate any and all collective agreements affecting the operation of this organization with any and all unions representing this organization's employees.

This organization agrees the Newfoundland Hospital and Nursing Home Association may execute and fully implement any collective agreement on this organization's behalf, and further agrees that should it be required to do so, it will itself execute any collective agreement negotiated by the Newfoundland Hospital and Nursing Home Association on its behalf, and further agrees to be bound by all decisions on issues arising out of such collective agreements, provided that settlement of such collective agreement and issues arising therefrom are dealt with in accordance with the provisions of the agreement between the Association and Government dated December 1993 with respect to the involvement of the Association in labour relations matters as may be amended from time to time.

This organization further agrees that it shall not withdraw this ***Delegation of Authority*** without first giving the Newfoundland Hospital and Nursing Home Association twelve (12) months' written notice of its intention to do so.

Authorized Signature Date

Title

December 1993

10 Strategic Planning

Introduction

Strategic planning is a continuous and systematic process whereby a health board identifies, monitors and measures its future outcomes to be achieved over a three year time frame as outlined in the *Achieving Excellence 2000: A Guidebook for the Improved Accountability of Public Bodies.* The strategic plan of the health board supports the plan of the Department of Health and Community Services which in turn supports the overall directions for the province as set by the Government.

The Strategic Planning Process

The strategic planning process is a cycle comprised of nine steps:

1. Planning the process;
2. Conducting an environmental review;
3. Writing/reviewing the organization's vision, values and mission;
4. Identifying and confirming lines of business;
5. Establishing goals;
6. Developing operational plan(s) and completing performance measurement;
7. Writing a draft strategic plan;
8. Reviewing and approving the strategic plan; and
9. Implementing, monitoring and reporting.

Step 1: *Planning the process*

Strategic planning is a way of strategic thinking that becomes the normal way of operating within the organization. It causes the health board to look at where it is now and where it wants the organization to be in a specified three year period. This step requires the health board to establish the steps to be taken to ensure the strategic planning process becomes a reality. Gender and other differences should be taken into account during the planning process. This should be done in all phases. Particular attention should be paid to these differences:

- during the environmental review;
- when establishing goals and intended outcomes;
- during operational planning and the development of performance measures; and
- when implementing, monitoring and reporting.

Planning how the strategic plan will be developed and the cycle completed is vital to the organization. There are two options:

Option 1 the organization can choose to develop goals which would take years to achieve. These would be followed by 'long term objectives' that are achievable over a specified three year period. These long term objectives would be followed by 'short term objectives' that are achievable within a specified one year period; or

Option 2 the organization can choose to develop goals that are achievable over a specified three year period. These would be followed by objectives which are achievable within a specified one year period.

This means that where Option 1 is chosen the health board would include its goals and long term objectives in its strategic plan. The short term objectives would be developed during the operational planning phase of the process. Where Option 2 is chosen the health board would only include its goals in the strategic plan. The objectives would be written during the operational planning phase. The remainder of this chapter is written based on Option 2. Where a health board chooses Option 1 it is necessary to substitute long term objectives where the word goal(s) appear.

Irrespective of the option chosen it is important to:

- be conversant with the Department of Health and Community Services's strategic plan and Government directions;
- ensure that there is understanding and agreement on the organization's mandate and in the event of a lack of agreement to seek clarification from the Minister of Health and Community Services;
- ensure that health board members are aware of their roles and responsibilities in relation to strategic planning;
- identify the barriers to strategic planning and how these can be overcome;
- identify the strengths of the organization, its stakeholders and how these can be utilized to support the strategic planning process;
- review the steps in the strategic planning process, determine time lines and assign responsibilities to ensure that the process is followed; and
- ensure that the health board's meeting agendas provide the opportunity to periodically report progress on the development of the strategic plan.

Step 2: *Conducting an environmental review*

The purpose of the environmental review is to examine the internal and external environments in the areas of learning and growth, finances, internal business processes and client outcomes in order to determine the needs of the organization over the next three year period.

An environmental review is used to gather information which clearly identifies the organization's strengths and needs. It focuses on a broad range of information designed to ensure decisions are well-founded and can be explained. It provides an avenue for discussion and input from all stakeholders including staff, community groups, professional organizations, other public entities, provincial and federal governments and the health board trustees.

Also, part of the environmental review includes analysis of the relevant literature and data. Much of this data will already be available to the staff and the health board. A person or a team should be assigned to gather the literature and data and summarize the contents.

The health board will need a mechanism to check the completeness and accuracy of the data. The health board should screen the data to be used or rejected.

The components of an environmental review include an internal and external environmental scan and concludes with an analysis and summary of data gathered during this collaborative process. In conducting an environmental review the following are best used in combination:

- ✓ analysis of past reports;
- ✓ analysis of minutes and newsletters;
- ✓ analysis of local, national and international standards;
- ✓ consultations - individual, group and community;
- ✓ direct observation;
- ✓ evaluation reports;
- ✓ focus groups;
- ✓ interviews;
- ✓ literature reviews;
- ✓ questionnaires;
- ✓ review of records;
- ✓ statistical analysis;
- ✓ suggestion boxes;
- ✓ surveys; and
- ✓ work samples.

Internal Environmental Analysis

An thorough internal environmental analysis consists of a review of the following:

- Internal Business Processes
  - ✓ vision, mission and mandate;
  - ✓ effectiveness and efficiency of internal business processes;
  - ✓ employee relations;
  - ✓ reports regarding the performance of program and service components of the organization;
  - ✓ internal harmony, including levels of cooperation within and between components of the organization;
  - ✓ communications; and
  - ✓ organizational structures.

- Finances
  - ✓ internal financial conditions;
  - ✓ human resources and projected future requirements;
  - ✓ demands for new operational or capital expenditures;
  - ✓ status of financial statements;
  - ✓ status of audited financial statements;
  - ✓ projected surplus(s) or deficit(s); and
  - ✓ sources of revenue.

- Clients
  - ✓ client/public needs as identified in submissions;
  - ✓ results of surveys (local; provincial; national);
  - ✓ client needs as identified by program area;
  - ✓ standards which could influence client outcomes;
  - ✓ policies which influence access and program delivery; and
  - ✓ results of satisfaction surveys.

- Learning and Growth
  - ✓ status of technology;
  - ✓ strengths and stressors as identified by staff;
  - ✓ physical conditions;
  - ✓ need for training in new technologies/ work methods;
  - ✓ expectations and needs created by the introduction/revision of programs and services; and
  - ✓ overlaps in functions and recommendations to streamline work functions and the implications for training/retraining.

External Environmental Analysis

A thorough external environmental analysis consists of a review of the following:

- orientation and ongoing staff development requirements as projected by the organization, provincial professional associations, stakeholder groups, or provincial standards setting exercises;
- collaboration levels with other organizations;
- current research/innovations/best practices which could change the way of doing business/offering programs and services;
- demographics and projected changes;
- energy needs and market projections (heat, light, etc);
- gender analysis issues;
- government expectations;
- health and well-being statistics;
- fiscal realities, including finances and inflation factors;
- labour market shifts/forecasts;
- employee relations trends;
- life style factors;
- local, provincial, and national comparisons;
- needs as articulated by other public bodies in the region;
- needs as articulated by advocacy groups;
- public expectations;
- transportation needs;
- discussions or meetings/correspondence the chairperson/CEO had with the Minister/Deputy of the Department of Health and Community Services;
- government documents;
- information posted on the web sites of provincial and federal government;
- minutes of meetings senior staff have had with their government counterparts;
- minutes of meetings the CEO attended with the executive of the Department of Health and Community Services;
- position papers/reports/minutes of the NLHBA; and
- public education needs.

Consolidation of Environmental Reviews

An analysis and summary of the information obtained should be prepared by the staff to assist the health board in prioritizing needs, establishing key issues and determining goals for inclusion in the organization's strategic plan. To assist in this process the health board should distinguish between operational and strategic issues. The determination of operational issues is decided by the CEO and his team. The determination of strategic issues is the role of the health board.

The health board should take time to evaluate each issue against a set of criteria. The following criteria may be helpful in prioritizing issues:

- Balance- Meeting this need ensures maintenance of a balanced approach in our strategic plan.
- Baseline- The baseline and how far the organization is from its desired benchmark/outcome is known.
- Feasible- The organization has the resources to meet this need.
- Focus- This need ensures the organization focuses on its vision, mission and mandate.
- Reaction- The health board will be affected negatively if the organization does not meet this need .
- Relevant- This need is relevant to the mandate.
- Reliable- The need is based on reliable data and supported by research, not opinion.
- Specific- This need is specific enough to provide direction as to how to meet it.
- Value Added- Addressing this need will add value to the achievements of the organization.
- Equity and equality- This need meets the principle of equality and equity.
- Control- The health board's input can contribute to the outcomes.

An issue may be considered strategic when it:

- is viewed as important to the health board and executive management;
- is on the agenda of the health board and of concern to the CEO;
- will have to be dealt with more than a year from now;
- has implications for the entire organization;
- affects more than 10% of the budget;
- presents a large risk or opportunity;
- requires new goals and strategies to resolve it;
- is not clear how to bring about resolution of the need;
- could have major long-term consequences if no action is taken;
- affects many other groups; and
- is explosive in nature.

Keeping Data

The organization should keep data it has collected but not used. This will avoid much research and provide an historical record for other staff or future trustees. As health board trustees and executive management staff change it is easy to lose the knowledge of the organization's history. Information is vital in maintaining a sense of culture, history and unity within the organization and throughout the years.

Step 3: *Writing/reviewing the organization's vision, values and mission*

The following definitions support the health board's vision, mission, values.

- Vision- A vision is a short statement describing the ideal state an organization is striving to achieve in the long term for its clients.
- Mission- A mission statement systematically diagrams the vision by answering the questions who, what and why.
- Values- Values are the fundamental principles that guide behaviour and decision making. They represent the core priorities in the organization's culture including what drives priorities and actions in the organization.

The health board should feel confident that the vision, mission and values are designed to lead to stakeholders' needs being met within the operational and fiscal realities of the organization.

Step 4: *Identifying/confirming lines of business*

Lines of business are discrete and coherent sets of programs, services and/or products that represent what the organization delivers to its clients.

The health board should ensure that it has clarified its lines of business and the array of programs and services within its lines of business. This can be done by:

- closely reviewing the mandate conferred on the organization by the Government;
- determining in consultation with the Government the array of programs and services the organization will offer in the future;
- considering the factors which would be critical to each line of business and if these can be addressed; and
- determining the extent of each line of business.

Step 5: *Establishing goals*

The health board should establish its goals following a review of the strategic issues. In doing so it must keep its focus on the mandate conferred by legislation. There may be the temptation to meet needs outside the jurisdiction of the health board. This does not imply that the health board be so rigid in its decision making that it is not a good community partner. What it does imply is that the health board will determine what needs the organization:

- can meet;
- needs to partner with other agencies to address;
- would like to address but are clearly in someone else's mandate;
- would like to address but cannot influence;
- should meet but has neither the resources nor expertise to meet; and
- sees as high priority but with which other parties do not agree.

A goal is a general statement of the desired results (outcomes) to be achieved by a specific date, typically over a three year period. The number of goals should be kept manageable. Typically, the number of goals would be no more than seven (7). The rational for this limit is to ensure:

- the organization is continuously focused on its strategic plan outcomes;
- the trustees and staff practices are focused on the outcomes of the strategic plan;
- the ongoing operations of the organization are not compromised; and
- the amount of data collection for performance management purposes required is manageable by the organization within current and expected resources.

The goal statement should be followed by objectives which are clear and measurable and found in the operational plan. The health board can either set regional/provincial goals/outcomes and/or where applicable use benchmarks which have been set provincially, nationally or internationally to influence its goals/outcomes.

Step 6: *Developing operational plan(s) and completing performance measurement*

The job of designing and implementing the operational plan that includes objectives and performance measures rests with the executive management staff of the organization. An objective specifies a target or milestone that is set to incrementally improve achievement toward the goal/outcome. Success in meeting the objectives can be readily evaluated using qualitative and quantitative measures. Usually objectives are written for a one year time frame. This time frame facilitates the generation of the performance report at the end of each year providing an opportunity for the organization to report on its progress in achieving its goals/outcomes. The expectations of the CEO would be to:

- articulate how the values of the organization will be operationalized;
- articulate how the goals and objectives will be operationalized;
- articulate what performance measures and indicators will be used to report to the health board on the organization's goals;
- identify systems that will be used to collect and report data; and
- outline what, to whom and how information is to be reported.

The steps in the performance measurement process that the CEO and his team should follow include:

- reviewing outcomes, goals and objectives;
- identifying performance measures and indicators;
- identifying data sources;
- determining specific data needed;
- determining the location of the data;
- determining how data will be reported;
- determining how the data will be evaluated;
- determining whether corrective action is needed;
- making necessary changes to programs/services; and
- writing the performance report.

Step 7: *Writing a draft strategic plan*

The draft strategic plan submitted to the health board for approval should include the following:

- vision, mission and values;
- lines of business;
- the organization's goals/outcomes; and
- performance measures.

The organization should maintain data collected and working papers used in the development of the draft strategic plan. Such documents may include the environmental review materials, summary of strategic issues and performance measurement indicator documents.

Step 8: *Reviewing and approving the strategic plan*

The health board should formally adopt the strategic plan and members will be expected to support it. All members should be able to articulate the goals and determine how and when they would need to receive reports in order to monitor the implementation of the plan. Executive management staff should know what, when and to whom to report. Time will need to be set on future agendas for status reports as the strategic plan should form part of the foundation for agenda setting.

Step 9: ***Implementing, monitoring and reporting***

Usually, the strategic plan is written for three years. Strategic issues may arise which require the health board to make a decision to revise the plan. Dialogue between the health board and the Department of Health and Community Services should occur following revision to the strategic plan.

Monitoring should occur at clearly defined regular intervals. The CEO should understand the health board's expectations regarding:

- what information is expected;
- the format for its presentation; and
- how the health board will review the information.

The performance report should be short, including only vital information required for decision making and communication.

Reporting to Government

The Government of Newfoundland and Labrador's Accountability Framework requires governing bodies to provide annual performance reports to the Minister and Department of Health and Community Services on its progress towards the achievement of its goals.

Reporting to Stakeholders

The health board should decide whether it will release its performance report or whether it will remain an internal document. Where it remains an internal document the health board should release an annual report which outlines its performance towards achieving its goals.

Conclusion

It is important for the health board to remember that the development of the organization's strategic plan and the achievement of its goals has to be balanced with the challenges of maintaining existing operations.

Appendix A
Glossary of Terms Pertinent to Strategic Planning

Accountability

A relationship based on the obligation to demonstrate and take responsibility for performance in light of agreed expectations.

Accountability Framework

The accountability framework defines the nature and scope of responsibilities, identification of key results, performance expectations, and the monitoring and reporting strategies.

Activities

Activities are the actions that transform the various inputs or resources into outputs.

Baseline

Baseline data is a series of values over the time collected before , or at the time a program comes into effect, or as an event occurs.

Benchmarks

Benchmarks are the standards against which the outcomes will be measured.

Goal

A goal is a general statement of the desired results to be achieved over a specified period of time.

Indicator

An indicator is an aspect of a measure which will be assessed.

Key Issue

Key issues are the most significant external or internal factors which the organization must manage to realize its mission and goals and the capacity of the organization to effectively manage the impacts of those factors.

Lines of Business

Lines of business are discrete and coherent sets of programs, services and/or products that represent what the organization delivers to its external clients.

Measures

Measures are the attributes which are evaluated in order to determine whether the expected have been achieved.

Objective

An objective is a specific target or milestone which is set to incrementally improve achievement toward the goal. Success in meeting the objectives can be readily evaluated using qualitative and quantitative measures.

Outcome

The desired result (for example a change in behaviour).

Performance Measurement

Performance Measurement is a process, which focuses on the desired quantitative and qualitative data, required for the organization to meet its mission, and goals.

Performance Report

A summary of the organization's operations which provides a clear linkage between the strategic plan and the outcomes actually obtained using the specified performance measures.

Program

A program is a grouping of activities with a common purpose, common clients and/or common outcomes.

Values

Values are the fundamental principles that guide behaviour and decision making.

Vision

A vision is a short statement describing the ideal state an organization is striving to achieve for its clients.

Notes regarding policies and practices specific to this health board

11 Evaluation

Introduction

Achieving Excellence 2000: A Handbook for the Improved Governance of Public Bodies states that governance bodies have to be concerned about their effectiveness and efficiency in delivering the mandate which has been entrusted to them. The public not only demands and expects public bodies to produce results and do the right things but that they do things right and get the most outputs from their inputs. Public bodies have to demonstrate not only that they are delivering a quality service within acceptable ethical standards, but also that they are fiscally responsible and prudent in doing so. The health board has two main means of ensuring quality service at reasonable costs, evaluation of its CEO, and assessment of itself, p. 24-25.

Evaluation of the health board as a whole, individual health board trustees and the CEO is critical to the success of the governance process. When the health board is prepared to subject itself to the same internal and external evaluation processes used to evaluate the effectiveness of its programs and services an important message is sent to staff, who are expected to participate in performance evaluations, and to other stakeholders.

The Importance of Evaluation

Individual health board trustee evaluations are completed to:

- identify individual trustee's strengths and needs in health board processes (e.g. problem solving, conduct in meetings, following communication protocols, etc.);
- support individual growth and development;
- identify skills needed to function as a team member;
- identify strengths and needs in health board trustee and CEO relations; and
- identify strengths and needs in health board trustee and stakeholder relations.

Health board evaluations are completed to:

- identify strengths and needs of governance processes(e.g. strategic planning, finances, communication, etc.);
- support health board education;
- facilitate team building for the health board;
- identify strengths and needs in health board and CEO relations; and
- identify strengths and needs in health board and stakeholder relations.

Evaluation of the Health Board

It is important for the health board to take the time to review and assess its effectiveness. However, health board effectiveness should be differentiated from organizational effectiveness and it should not be assumed that a health board is effective when its organization achieves success nor conversely, that a health board is ineffective if its organization experiences difficulties. Distinguishing health board effectiveness from organizational effectiveness necessitates that a health board be clear on its desired outcomes and that it establishes objective measures to evaluate the health board's unique contribution.

The effectiveness of the health board processes is assessed, by health board trustees and the CEO, by reviewing:

- whether the specified outcomes are achieved;
- whether the structure of the health board and its committees is formalized and the committees are functional and effective;
- the flow and timeliness of information;
- the conduct of meetings;
- the agenda setting process; and
- the decision-making and follow-up processes.

More specifically, the effectiveness of the health board in fulfilling the following responsibilities will need to be comprehensively reviewed to determine whether:

- the powers and duties vested in the health board by their constituting authority have been carried out;
- the organization operates within the limits of its statutory and/or other relevant authorities;
- the assets of the organization, including any public funds, are used with probity;
- items of potentially sensitive and/or legal nature are dealt with appropriately and expeditiously;
- fiduciary responsibilities are exercised;
- the strategic goals of the organization and general policies and practices have been established and successfully implemented;
- draft annual budgets are approved prior to submission to the Minister of Health & Community Services for final approval;
- the organization's performance is monitored and reported to relevant stakeholders;
- there are avenues for liaison with stakeholders;
- risks and sensitivities are managed;
- executive hiring policies and practices are followed;
- there is a comprehensive policy and procedure for CEO evaluation; and
- there is a comprehensive process for the development, implementation and monitoring of policies.

To move beyond self assessments of effectiveness governance looks at how a health board actually impacts or makes a difference to the region in the context of its mandate. Consequently, the model of governance as outlined in Chapter 2: *Overview of Governance* and information in *Achieving Excellence 2000: A Handbook for the Improved Governance of Public Bodies* provides guidance to support the evaluation processes.

Evaluation of the Individual Health Board Trustees

Even though a trustee is expected to bring her own views and those of stakeholders to the health board table it is critical she understand her obligation to consider all perspectives and to make decisions in the best interest of the total population. If the organization is to successfully fulfill its mandate the input and cooperation of all trustees is required. To this end the performance of an individual trustee will need to be evaluated within the context of the health board's mandate, policies, standards of behaviour and code of ethics. This can be done via self evaluation or by seeking input from other trustees, executive management staff and relevant stakeholders. Generally, a health board's legislation and/or by laws, rules and regulations set the attendance expectations for trustees and sanctions which apply if these expectations are not met.

More specifically, each trustee's performance should be reviewed to determine whether she:

- acts in accordance with the legislation applicable to the health board;
- acts in accordance with the mandate, mission, vision and values of the organization;
- regularly attends meetings ;
- is prepared to ask informed questions, and makes a positive contribution to discussions;
- makes decisions based on thorough evidence and research;
- contributes her personal expertise;
- works harmoniously with other health board trustees without trying either to dominate the health board or to neglect her share of the work;
- works harmoniously with executive management staff;
- honours the decisions and policies of the health board in discussions outside the health board meetings even after voicing dissenting views;
- holds confidential health board discussions as agreed during the meeting;
- carries out her responsibilities in recognition of a fiduciary responsibility to the total region;
- discloses to the health board any potential conflict of interest and removes herself physically from discussions where a potential conflict of interest exists;
- recognizes the role of management in carrying out the health board's policies and the operational plan and is careful not to interfere;
- avails of opportunities for professional development;
- participates in the evaluation of the health board and CEO and in self evaluation.

Evaluation of the CEO

Evaluation of the Chief Executive Officer (CEO) and the organization's performance can be viewed as somewhat synonymous. To view it otherwise would seriously compromise the accountability relationship since the CEO is accountable to the health board for leading the organization and for implementing its decisions. The major, but not the only, context for the CEO's evaluation is provided by the approved strategic plan which outlines the organization's goals, *Achieving Excellence 2000: A Handbook for the Improved Governance of Public Bodies*, p.25.

The CEO is the single executive management staff person delegated full responsibility and accountability by the health board for the effective operation of the organization. As the CEO is accountable to the health board for everything that happens in the organization she is tasked with leading and managing all aspects of the organization's operation. This includes: directing executive staff; preparing, monitoring and complying with the annual budgets; and overseeing the efficient operation of the organization's programs and services.

New health board trustees should note that the CEO is not appointed to personally undertake all those tasks designated as the responsibility of the chief executive officer but rather to see that the job is well done. There is a difference between doing the job and seeing that the job is done. This difference is significant. If the CEO is to be accountable and to achieve predefined outcomes then she must be free to decide who does what, when, why and under what circumstances.

Feedback is as important to the health board's CEO as it is for any other employee of the health board. Evaluation of the CEO is often a haphazard event if it occurs at all. Without a defined process the CEO is subject to whatever evaluation method the health board wishes to use.

In establishing the process for the evaluation of the CEO the health board should caution against placing too much emphasis on how the CEO achieves desired results. The emphasis should be on how her performance reflects the organization's values, vision, mission, mandate, and policies and contributed to the achievement of the strategic goals. The CEO is accountable for results and this should be the primary focus of the CEO's evaluation. One component of the evaluation of the CEO may involve discussions with and/or surveys of the opinions of the employees and other key stakeholders. Another component of the evaluation could be interviews with a variety of employees to determine their perspectives of her job performance.

More specifically, the demonstrated leadership of the CEO could be evaluated by reviewing:

- the strategic and operational planning process;
- the capital and operating budget development processes;
- communication processes;
- the implementation of approved health board policies;
- the support and evaluation provided to the executive management staff;
- the access the health board has to all information necessary for the conduct of its business;

- the communication links within the organization and between the health board, its public and other key stakeholders;
- the development and implementation of comprehensive human resource policies;
- the organization's performance and the initiation of actions based on evidence; and
- collaboration practices with internal and external partners to enhance the quality and efficiency of programs and services.

Whatever the process for evaluation it should be completed by the health board as a whole. The CEO is accountable to the health board not to trustees individually. Whatever the process determined for evaluating the CEO:

- the process and criteria should be clearly defined and mutually agreed in advance;
- the health board should identify the areas for which the CEO will be held accountable;
- the process should involve all health board trustees working together to complete the evaluation; and
- there should be no surprises.

Notes regarding policies and practices specific to this health board

12 Reporting

Introduction

Answering for assigned responsibilities is one of the main roles of the health board. Reporting can be done in various forms such as:

- annual reports;
- performance reports; and/or
- financial reports.

Reports may be internal to the health board or designed for internal and/or external stakeholders. Reports designed for stakeholders can be presented in many ways:

- verbal presentations at annual general meetings;
- in print form, as stand alone documents or published on the organization's website;
- submissions to Minister of Health & Community Services; and/or
- submissions for tabling in the House of Assembly.

Role of the Health Board in Reporting

The health board is responsible for ensuring all reporting requirements are known and followed. This responsibility cannot be delegated to the CEO of the health board. The CEO may compile the reports but these should not become public until they have been approved from the appropriate office. For example, where the health board has the authority to publicize information the CEO would understand that information assimilated would not be distributed until it is approved by the health board. Where the Minister of Health & Community Services or House of Assembly is the body responsible for the release of information, relevant documentation would be submitted to the Department of Health & Community Services and would not be released to stakeholders until it has been approved by the appropriate office, e.g. minister, House of Assembly.

More specifically, the health board would decide:

- the specific reports required by the health board, the Department of Health & Community Services, the House of Assembly, partner agencies and other stakeholders based on the parameters set in governing legislation, Government policy(s) and health board policies;
- which reports are expected and within what time frames;
- the contents of the reports, if these have not been specified by an external body;
- the approval process for the health board, e.g. via committee or tabling at the health board meetings;
- who in the health board has the authority to forward and release reports;
- the process for the release of reports;
- who will answer for deficiencies within the reports; and
- how exemplary work/ best practices will be recognized.

Types of Reports

The three most common reports are annual reports, performance reports and financial reports.

Annual Reports

Annual reports may include:

- strengths and weaknesses of the organization;
- opportunities and threats facing the organization;
- awards received by the organization, its progams and services, and/or groups/individuals;
- good news stories;
- goals, objectives and a summary of actual performance.

Performance Reports

What specifically should be included would be decided by the health board and the Department of Health & Community Services. Performance reports may include:

- where there have been organizational changes, since the strategic plan was submitted, a summary of those changes which relate to any of the areas listed below;
  - ✓ the vision, mission, mandate(s) and lines of business of the organization,
  - ✓ the role of the organization in the provincial context,
  - ✓ current strengths, weaknesses, opportunities and threats from a performance measurement perspective,
  - ✓ current linkages/partnerships to other organizations, community groups or federal or international counterparts and
  - ✓ enhancers and barriers which influence strategic planning in the organization.
- an outline of the goals, objectives, outcome measures, targets and reports on the measures including the following information if it has not already been submitted or has changed since the last report;
  - ✓ how the utilization of resources by the organization contributes to the realization of the goal differentiating between direct and indirect contributions,

- ✓ measures chosen with accompanying rationale explaining how these measures,
  - G support stakeholder issues,
  - G are able to collect data of interest to the Government,
  - G where required, will provide qualitative data,
  - G support compliance issues (where relevant),
  - G support the collection of challenging, attainable data,
  - G allow for meaningful trend or statistical analysis,
  - G support a balanced approach to the performance measurement component of the strategic planning process (finance, stakeholder outcomes, learning and growth, and internal business operations), and
  - G consider appropriate comparisons (with private sectors, similar organizations and other jurisdictions).
- indicators which comprise the performance measures outlining:
  - ✓ why this indicator was selected,
  - ✓ if this indicator definitely gives outcome measurement information,
  - ✓ the reliability and source of the indicator,
  - ✓ the frequency and timing of collection and reporting (fiscal year, calender year, quarterly, annually), and how "old" the information is when it is reported,
  - ✓ how the indicator is calculated,
  - ✓ definitions of any field-specific jargon,
  - ✓ whether the indicator is an aggregate or disaggregate figure,
  - ✓ the limitations of the indicator (i.e. biases, geographical limitations, etc.),
  - ✓ how the indicator can be used in management decision making, and
  - ✓ how many of the criteria the indicators meets.
- a summary and explanation of outcomes outlining the:
  - ✓ balanced approach to planning and performance measurement,
  - ✓ performance challenges and accomplishments,
  - ✓ relevant changes in strategy,
  - ✓ lessons learned, and
  - ✓ opportunities for improvement.

Financial Reports

What would be included in a financial report is based on nationally approved generally accepted accounting standards and the Department of Health & Community Services' financial reporting policies. Reports should include the following:

- statements of financial position/balance sheet (as applicable);
- a statement of revenues and expenses/ expenditures (as applicable);
- a statement of retained earnings/net debt (as applicable);
- a statement of changes in financial position/cash flows (as applicable);
- notes to the financial statements;
- supporting schedules; and
- any legislated requirements.

The financial report would comprise the financial statements of the organization, the auditor's report, often graphical or other summaries of the financial results and sometimes financial indicators.

Conclusion

The health board may determine that specialized external management reports, budget monitoring reports or specialized external reports for stakeholders are required depending on the nature of the organization and the formal and informal expectations of the health board and its stakeholders.

Notes regarding policies and practices specific to this health board

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